



ANNUAL REPORT DIXI GROUP 2016





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The views and interpretations expressed in this report are the authors' and do not necessarily reflect those of the Government of Sweden.



INTRODUCTION

The year 2016 was rich in events for our team. We have grown up: now our team consists of 13 friends acting in common and trying to change the country for the better. We have moved to a new, bigger office, have held the first large strategy session, have completed the first large project supported by the EU, and have commenced two new ones supported by the EU and the USAID.

We dedicated the whole 2016 to working on the draft law related to the national energy regulator under the support of the International Renaissance Foundation, with the law being adopted and signed by the President in November 2016. We continued monitoring the way Ukraine implements the EU acquis in its energy sector, and we arranged for numerous discussions around complex issues of reforms in the energy sector. The products of DiXi Group were presented in Ukraine, Brussels, Vienna, Berlin, London, Oslo, and other European capital cities.

The DiXi Group team is grateful to all its partners who are acting side by side in their endeavors to reform the energy sector of Ukraine, to make it more transparent, with clear rules, and new opportunities for investors. Everyone of us can do much, however the most ambitious objectives can only be achieved when acting together. Especially when going against the current is necessary. This is why we are very much thankful to our partners from the government, the Verkhovna Rada, the NEURC, the Energy Community Secretariat, the Ukrainian and international think tanks. In 2016, we held many useful round table meetings and discussions postulating a common vision of changes in the energy sphere. We are pleased to be the members and coordinators of many CSO coalitions, including "Energy Reforms," "EnergyTransparency," as well as the RRP and "Transparent Energy" coalitions, a part of which we became in 2016.

Being a think tank, DiXi Group is dependent on grant financing. The team thanks all the donors who support our ideas, even the most daring ones. We are grateful for the trust to the World Bank, the EU Delegation to Ukraine, the USAID, the International Renaissance Foundation, the EBRD, the GIZ, the Boell Foundation, as well as to the embassies of the U.S., UK, Poland, and Norway in Ukraine. Coordination of efforts and common determination of priorities in reforming the sector helps to achieve tangible results.

Our team has set ambitious objectives for 2017. This includes passing the Law "On Information Disclosure in Extractive Industries", which will make further UAEITI reports more sound and will facilitate better local financial management; this is energy sector mapping, which will show much new data currently not available; this is publication of the next annual monitoring related to the EU acquis implementation; this is a media hackathon, more round table meetings, discussions and presentations. We want to develop a new direction, the domain of training new managers and administrators in the energy sector, and we are negotiating with the EU leading energy schools to achieve that. We hope our plans will come true in the best possible manner, and the changes in the energy sector will become more quick and of high quality.

***With best regards,
Olena Pavlenko
President, DiXi Group***



DiXi Group is a team of analysts and journalists. We work in the field of energy policy, particularly of the energy sector reforms, strengthening of energy security and increasing transparency in the energy sector.

Our mission is to be a driving force of high-quality changes in the energy sector, in order to achieve good governance and responsible consumption on the way towards sustainable energy. These changes envisage establishment of free and competitive markets with a high level of transparency, efficient regulation and respect for the rule of law principles, effective production and consumption of energy resources, overcoming corruption and other negative phenomena.

Founded in 2008 as a think tank, DiXi Group operates on the crossroads of policymaking, public relations, security and investments. For the time being, DiXi Group has implemented around 40 projects in such fields as higher energy transparency, implementation of the European acquis in Ukraine, better public awareness of the situation in energy sector. The International Renaissance Foundation, the USAID, the European Union, and embassies of the EU member states in Ukraine are amongst the principal donors to DiXi Group.

DiXi Group works with government officials, politicians, journalists, and international partners to promote high-quality and dynamic reforms in the energy sector, and helps consumers to adapt to new changes in this sector.

Our dream is to become one of the most influential think tanks and a key partner for stakeholders in Eastern Europe. The analysts of DiXi Group are now members of Civil Councils at the key ministries and agencies in the sphere of energy and energy efficiency. DiXi Group is accredited to the Committee for the Fuel and Energy Complex, Nuclear Policy and Nuclear Safety of the Verkhovna Rada of Ukraine. The experts of DiXi Group participate in working groups, as well as in conferences and round table meetings arranged by the government to address the most important issues of the energy policy in Ukraine.

DiXi Group is a member of numerous coalitions and expert groups in the field of energy both in Ukraine and internationally. In particular, these



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are the EnergyTransparency Association, which works on implementing the Extractive Industries Transparency Initiative in Ukraine and is a part of the global network Publish What You Pay, the Energy Reforms expert coalition, whose objective is to facilitate the implementation of the EU acquis in Ukraine, and the Transparent Energy coalition called up to facilitate disclosing data all along the value chain from production to consumption of energy. DiXi Group is a member of the Ukrainian Think Tanks Liaison Office in Brussels, and Olena Pavlenko, DiXi Group President, is also a member of this organization's Management Board. Besides, DiXi Group is a member of the Ukraine-EU Civil Society Platform.

Operating in the energy sector, DiXi Group develops and distributes a vast variety of products,

which include monthly, quarterly and annual monitoring reports on the reforms in energy sector, analyses of Ukrainian legislation, journalist investigations, etc.

DiXi Group also provides education and training programs related to the European legislation for journalists and civil society activists in Ukraine; organizes round table meetings, press conferences, forums of both national and international scale. Also, DiXi Group is experienced in developing and advocacy of the reformist legislation in the energy sector, in the work with CSO networks both in Ukraine and abroad.

For more information about DiXi Group, see: www.dixigroup.org/en



DIXI GROUP 2016 ACTIVITY IN FIGURES

94
DIXI EVENTS

337
EVENTS

75+
ANALYTICAL
PRODUCTS

13+
SPECIALIZED



62

ON A REGULAR
BASIS





3
NEW
SYSTEMIC
PROJECTS

12+
IN DIXI GROUP TEAM



390+
MEDIA APPEARANCES



319%
GROWTH IN



69
VIDEO
STREAMS





EUROPEAN REFORMS

In 2016, DiXi Group intensified advocacy for the European reforms in the energy sector. In May, having successfully finished the two-year project "Improving implementation of Ukraine's commitments within the Energy Community through enhancing impact of civil society", the team immediately set to carry out a similar, yet more profound, project "Enhancing impact of civil society in monitoring and policy dialogue on energy and related sectors` reforms in line with the Association Agreement implementation". The goals of the new project are more ambitious and strategic, and the project team involves not only our experts but also six partners, being both organizations and external experts.

In the first half-year, the experts of DiXi Group and other experts of Energy Reforms coalition actively engaged in advocating timely and high-quality transposition and implementation of the EU acquis in energy, in developing sector-related legislation within the activity of the Committee for Fuel and Energy Complex of the Verkhovna Rada of Ukraine, in highlighting the activities of the Ministry of Energy and Coal Industry and other authorities for the ap-

propriate representation of the government and the people's interests within the Energy Community.

Regular meetings of the Multi-Stakeholder Group (MSG), created within the Ministry of Energy at DiXi Group initiative, have become an important format of cooperation with the government. In particular, the MSG met in March, as well as twice in April, and in June. The experts of DiXi Group ex-





ecuted the functions of the MGS secretariat. As a result of the active participation in the Group's work, and processing the meeting results, DiXi Group has managed to provide the Ministry with a prompt specific assistance in the preparation for the 41st and 42nd meetings of the Permanent High Level Group (PHLG) and the 14th Ministerial Council of the Energy Community. The experts of DiXi Group cooperated with the Ministry on a new edition of bylaws aiming to implement provisions of the Directive 1999/32/EC on sulfur content in liquid fuels. In addition, our team was engaged in creation and processing of the text for the new Memorandum of Understanding between Ukraine and the EU in the energy sphere, which was signed in the end of the year.

Besides, DiXi Group went on publishing monthly and quarterly reports on the status of fulfilling the commitments taken by Ukraine to implement energy legislation, and spreading information and analytical materials beyond Ukraine.

With the start of the new project, the respective provisions of the Association Agreement between Ukraine and the EU were added to the subject of monitoring and advocacy, as defined by the Protocol on Accession to the Energy Community.

For the purpose of carrying out project tasks, a team of leading experts in the energy sector – being the representatives of Resource and Analysis Center "Society and Environment", Civil Network "Opora", Association "European-Ukrainian Energy Agency", and Energy Association of Ukraine, and a number of independent experts – was created. The team was divided into six working groups by the domains of monitoring and advocating the reforms: Gas, Electricity and Nuclear, Oil, Business Climate, Energy Efficiency and Social Issues, and Environment and Renewables. Each working group is composed of a representative of partner NGO or an independent expert, and the expert of DiXi Group.

During the first 7 months of activity, the newly created project team focused on two principle directions: monitoring of fulfillment of Ukraine's commitments to implement the Association Agreement and public discussion of the most crucial reforms in the energy sector. For the purpose of high-quality monitoring, each working group developed a detailed monitoring methodology, which includes all applicable provisions of the Association Agreement between the European Union and Ukraine, and the respective provisions of the European acquis to be implemented with-



in the Energy Community. Checking the work of government authorities on a monthly basis, experts of the project team document it in analytical reports, which are published in Ukrainian and English. In addition, the specialists of DiXi Group and the partner organizations analyze changes in the European legislation on quarterly basis, and prepare an annual report with appropriate recommendations at the end of the year. In total, 7 monthly reports were prepared and preparation of 1 annual report was started in the first half of the project year.

In addition to the constant monitoring, each working group holds regular public events targeted at the assistance in settling very specific problems identified by the experts. In 2016, three round table meetings were held to discuss issues of business climate, energy efficiency and social issues, as well as environment and renewables.



CREATION OF AN INDEPENDENT REGULATOR

Effective functioning of energy markets is impossible without an independent and professional regulatory authority. Against the background of adopting the Gas Market Law and preparing the draft Electricity Market Law, the reform of the regulator has become a key necessity, as the introduction of market rules in all sectors of energy depends on it.

The requirement of the regulator's independence has been fixed by Ukraine's international obligations. In particular, the matter is covered in the

Treaty establishing the Energy Community, and the Association Agreement between Ukraine and the EU.

In 2015, the Cabinet of Ministers filed its own version of the draft Regulator Law; however, it was not supported by the Parliament – the governmental draft law No. 2966 "On the National Energy and Public Utilities Regulatory Commission" was sent for improvement.

At the beginning of September 2015, a Strategic Advisory Group was created on the initiative of DiXi Group to complete the draft law, uniting leading Ukrainian and international experts and representatives of all factions of the Parliament. The activity became possible owing to the project "Facilitation of the establishment of an independent regulator in Ukraine", which was implemented by DiXi Group with support of the International Renaissance Foundation.

The project gained powerful expert support from international organizations. Owing to successful communication, DiXi Group managed to involve representatives of the Energy Community Secretariat, members of the Energy Team of the European Commission Support Group for Ukraine, experts of the Council of European Energy Regulators (CEER) and the U.S. Agency for International Development (USAID) to the work of the Strategic Advisory Group.

The activity of the Strategic Advisory Group helped to develop effective work on the draft law and thorough processing of the document. In turn, this allowed for making the discussion of the extremely important draft law extensive, for including interested parties, and – at the same time – for retaining the work structure and facilitating the quality of the elaborated proposals. As a result, the Group participants were able to achieve agreed position on the novations proposed by the changes to the draft law.

The adoption of the draft law by the Verkhovna Rada in its first reading on April 12, 2016, became the first result achieved by the working group.





285 MPs voted "for" the respective resolution having indicated a high assessment of the work done by the MPs and civil society.

The second stage of completing the draft law consisted of an article-by-article insight in

the document and discussion of all proposed amendments. A total of over 190 comments to the draft law were processed by the Strategic Advisory Group experts. Finally, on September 22, 2016, the Verkhovna Rada adopted the draft law in the second reading and in its entirety. Two months later, on November 23, 2016, the law was signed by the President Petro Poroshenko.



During the round table meeting "NEURC in law, what comes next?" held on December 05, 2016, Karolina Cegir, Gas Expert of the Energy Community Secretariat, expressed gratitude to all who set his/her hand to the work on the law so extremely important for Ukraine: "First of all, I thank the Energy Committee and DiXi Group think tank for the hard work that has already been done and which will have to be done. I would like to state that the new regulator should become financially independent, as well as independent from the influence of certain market players and the political situation. Real change in the energy market of Ukraine is only possible under such conditions. I have no other messages but the main one – let us implement the law".

ANTI-CORRUPTION AND TRANSPARENCY



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IMPLEMENTATION OF THE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

In 2016, DiXi Group continued working on the implementation of the Extractive Industries Transparency Initiative (EITI) in Ukraine. Under support of the Multi-Stakeholder Group, including DiXi Group, the process of selecting an Independent Administrator who started preparation of 2014-2015 report was secured. During the data collection period, the experts of DiXi Group helped, as far as feasible, to obtain as many data as possible from companies and the government. Our team is grateful to all the participants – those who collected data and those who provided it – for achieving real results of the sector transparency. According to the EITI requirements, Ukraine had to publish its report for 2014-2015 by the end of 2016, and cover not only oil and gas, but coal, iron ore, titanium and manganese production, and it will be validated in 2017.

As a part of the EITI process, the Energy Transparency Association and, in particular, DiXi Group, held a number of trainings and seminars in Kyiv and regions related to the EITI rules, as well as to the necessity of cooperation among communities, local governments and companies. Such seminars were held in Poltava, Chernihiv, Lviv, Ivano-Frankivsk, Sumy, and Luhansk regions. The experts of DiXi Group presented video materials and explained how the EITI works locally. On their part, local communities spoke out which regional development priorities are paramount for them. We are very pleased to know that as a result of such cooperation some of the Ukrainian communities have already experienced the result of more transparent and responsible work of ex-



tractive companies. In addition to that, keeping in mind the adoption in 2016 of the law on decentralization of rent payments, the necessity of a dialog with local communities in extractive regions increases dramatically. As soon as more funds come to the regions, an issue of their proper management, better reporting and transparency by local governments will rise immediately.

Another element of work on the energy sector transparency, in particular implementation of the EITI, was drafting and advocating the draft law No. 4840 "On Information Disclosure in Extractive Industries" at the Verkhovna Rada. The draft law was elaborated by the civil society together with the Ministry of Energy; following a number of public discussions with the participation of experts as well as MPs and companies, the draft was registered by the MPs from Petro Poroshenko Bloc, "Samopomich" Union, All-Ukrainian Union "Batkivshchyna" and People's Front. The MP Olga Bielkova, member of the EITI International Board, became a "champion" of promoting the draft law. The MPs and their assistants, as the key target group, were engaged to the working meetings to discuss proposals





to the draft law, and took part in all the public events (hearings, round table meetings). The representatives of all factions and groups, and independent MPs received letters and compendium brochures regarding the draft law. The representatives of the extractive companies and of business associations took part in the improvement of the draft law prior to its registration in the Parliament, which allowed them to be effectively involved in hearings and the final round table meeting, as well as in working meetings and consultations.

In June 2016, a large round table meeting was held in the Parliament to discuss this draft law. In September to November, DiXi Group addressed the MPs again with a call to support the draft law, and organized an extra public discussion of its text. Adoption of this draft law is supported by the extractive companies, international financial institutions, and experts. In addition, DiXi Group facilitated translation of the draft law and sent it for assessment and comments to the World Bank, the EBRD, and the embassies. As of the end of 2016, the draft law awaits voting in its first reading. It has also been included in the Action Plan for implementation of the Open Government Partnership in 2016-2018.

The experts of DiXi Group joined the working group to process the draft law "On amending the Law of Ukraine "On Accounting and Financial Reporting in Ukraine", so that its provisions do not contradict or conflict with the provisions of the draft law "On Information Disclosure in Extractive Industries" and would completely transpose the

Directive 2013/34/EC. As a result, the proposals of DiXi Group were included in the draft law from MPs (registration No. 4646-1), submitted as an alternative to the governmental one (registration No. 4646), which remained unchanged.

DiXi Group analysts took part in international events and trainings aimed at increasing transparency of the energy sector. Olena Pavlenko, President, and Roman Nitsovych, Program



Manager, together with Ukrainian delegation, took part in the EITI Global Conference which was held in Peru in February 2016. Anastasiia Yermakova, Communication Manager, received training in teaching the EITI in Baku in May 2016, having gained new communication skills, and Mariia Melnyk, DiXi Group junior analyst, visited the EITI International Secretariat in Norway in June 2016, having discussed the implementation of new EITI requirements to Ukrainian practice. In addition, DiXi Group started an active dialog and information exchange with the Norwegian Publish What You Pay coalition, in particular having prepared a project of exchanging experience and information on the responsible production of hydrocarbons in Norway and Ukraine.

In September 2016, the 12th Publish What You Pay Eurasia Regional Meeting, with the representatives of DiXi Group taking part as well, was held in Lviv. During the meeting, the participants from the region not only discussed the progress of each country in the EITI implementation, but jointly analyzed the situation of adopting legis-

lation on beneficial ownership, including those in Ukraine, and of the opportunity to use new technologies in publishing the EITI reports. Apart from participation in the PWYP Eurasian coalition, the experts of DiXi Group regularly participate in web-conferences of the PWYP Europe, synchronizing their activity in promoting legislation on transparency in the energy sector. Participation in the Publish What You Pay international network allows our team to better understand global trends of increasing transparency of the extractive sector, to more promptly exchange experience in both communication and advocacy.

In 2016, the EITI teams of Ukraine and Germany started to cooperate more closely. We are happy that the UAEITI National Secretariat, together with the civil society, has managed to establish a good dialogue with the experts and the D-EITI National Secretariat from Germany. The representatives of the D-EITI Secretariat were instructed by their Ukrainian colleagues. At the same time, Nils Wortberg, a young expert from Germany, was a volunteer at DiXi Group, being involved in advocating the draft law on information disclosure, and prepared analytical materials on the topic. Later on, he joined the D-EITI Secretariat team in Germany. Exchange of ideas and experience, continued dialog between the EITI teams has turned into scheduling a common EITI Week that is planned in Kyiv for February 2017.

While working in the Reanimation Package of Reforms coalition, DiXi Group initiated cooperation with the Ministry of Energy to disclose some data which should have been made publicly available, but has not been published by the ministry. In particular, the matter is about some 50 types of datasets – statistical information – that will help better understand the situation in the energy sector, analyze the performance of electricity, gas and other markets. In 2017, the Ministry of Energy is expected to start publishing this data on its website.

In 2017, we expect a productive law-making process in the Verkhovna Rada which should

be completed with the adoption of the law. Alongside with the introduction of new reporting forms and standards, we expect a better content of the UAEITI reports, which are now moving to a larger detail and become increasingly applied, so that communities are properly informed of the key parameters of the subsoil user activity within their territories (tax and other payments to local budgets, social and environmental programs). At the same time, the project implementation has also focused the attention of IFIs and other donors on reforms of the subsoil use in general, including creation of an electronic system for submission and processing the respective reports. Similar systemic changes should make the process simpler in the future.

INCREASING FISCAL TRANSPARENCY IN THE ENERGY SECTOR

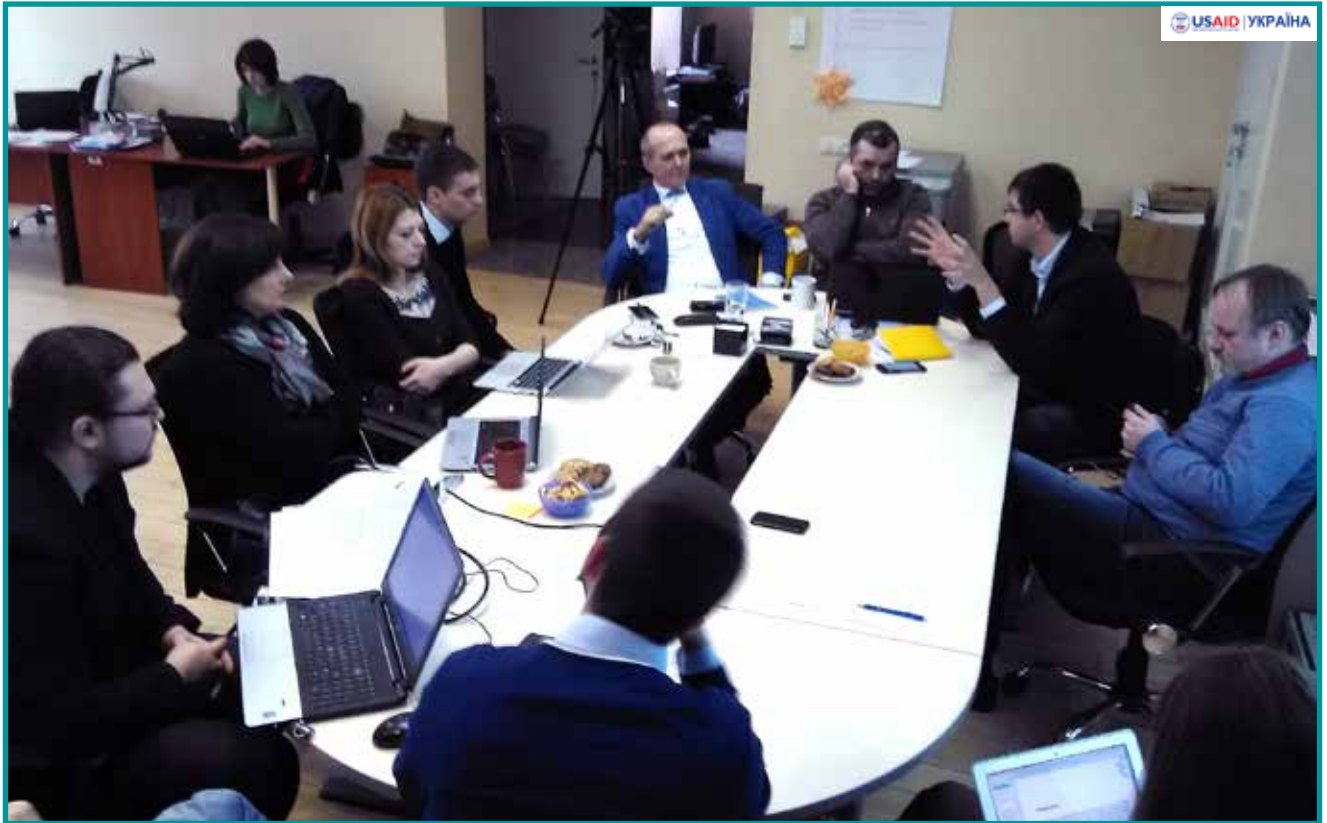


This year, DiXi Group started implementation of an



ambitious idea – the USAID project “Transparent Energy”. It continues the team’s efforts in working on anti-corruption programs in the energy sector and brings them to a new systemic level. It is based on mapping the energy sector that will clearly demonstrate the movement of energy products along the entire value chain, as well as the movement of capital to pay for them. The important thing is not only that one could easily figure out from the map what happens in the energy sector and where the main transparency





problems ("black boxes") in the energy sector exist, but that it will unite Ukrainian experts, journalists and activists working in the energy sector and focusing on disclosure, systematization and maintaining availability of the key information in the sector.

We are grateful to our colleagues and all experts, journalists and activists who made their way from the mapping together with us and are joining alongside. The coalition of 20 participants commenced its work, held expert consultations and develop a first draft of the map. The project team also monitored the key investigations in the energy sphere and created the respective database. Besides, a data matrix was developed for the map, it will be filled and updated with publicly available information.

As a result of working on the first draft of the map, the expert coalition created the first list of "black boxes" being the areas and spheres of the industry where information is unavailable for specific reasons. Also, the experts ranged this list by the degree of importance and influence on the situation, and at the beginning of 2017 DiXi Group will arrange competition for bids to

investigate the first "black boxes". We hope that this activity will help to uncover more details of the energy industry operation and will be able to add new and important data to the already existing information.

In addition, the updated Ukrainian Energy website will be presented; the website will facilitate easier, more convenient and prompt work with the energy sector data, and will offer new online tools for obtaining information. The online map of the sector will be put on the website, it will become an interactive guide into the world of energy, helping average consumers to better understand and figure out the details, and helping the professional communities to get access to systematized information.

The team will offer new opportunities for those coming up with creative ideas of using the information to be opened within the industry. A competition will be held to find out the best and the most inventive projects for the use of such information for average Ukrainians, which will be selected and supported to demonstrate how much benefit and convenience transparency may bring into everyone's everyday life.

OUTREACH ACTIVITIES

In addition to holding events and spreading analytical and information materials, DiXi Group engages in its outreach activities using web resources as well. In 2016, the think tank has considerably improved the statistics of its websites and its Facebook page. This indicates the fact that the audience, for which we carry out outreach activities, is constantly growing.

During the year, we kept on increasing visitors' count of our Internet resources. In particular, the number of sessions on the official web portal of DiXi Group (<http://dixigroup.org/>) doubled (from 1,217 to 2,120), and the number of users grew from 782 to 1,264 during second half of the year. The number of page visits grew dramatically: from 4,251 in June to 6,208 in November.

A similar situation is on DiXi Group official page in Facebook. In June, the content in Facebook covered 9,041 users, and in November the number of visitors became 28,826. At the end of the first half of 2016, our Facebook page had 979 followers, and in November their number increased to 1,140.

Regarding the information and analytical resource Ukrainian Energy (<http://ua-energy.org>) – being a unique platform for informing and discussing key events of the Ukrainian and international energy sphere – in 2016 the number of new sessions increased by 55.63%, and the number of followers of the Ukrainian Energy Facebook page reached 3,701. Meanwhile, the number of sessions on the web portal Energy Reforms (<http://enref.org/>) grew by more than 62% during the year.

Despite the positive results, we keep moving beyond and aim to improve our Internet resources. In particular, bids for completing the DiXi Group



official website and for rearranging the Energy Reforms portal were announced this year.

Starting from February 2016, DiXi Group pays considerable attention to the production of its own video content. Nowadays, this type of products plays a significant role in our outreach activities. With the video, we want to deliver the most recent information in the energy sector to our audience in a comprehensive way and easy language. Besides, our analysts regularly show up with their own topical video blogs commenting on the most vital events in the energy sector. For several months, DiXi Group has been making a video version of its weekly analytical report of the similar events. A separate series are video podcasts issued within the USAID project "Transparent Energy": the analysts of DiXi Group comment on the news dedicated to transparency in the extractive industry. We post all our videos on Youtube channel and Facebook page.

We also keep on working on diversification of our video content and simplification of information delivery. In particular, in 2016 DiXi Group issued a popular video "Saving is Worthy!" on the vital topic of the increased tariffs. We worked on the video in cooperation with the NEURC and the EU Delegation to Ukraine under financial support from the International Renaissance Foundation. The goal of the video was to explain people in understandable form, why energy prices go up and what everyone can do to reduce the bills for electricity. The video was positively commented on by the NEURC, the representatives of public authorities and civil society.

To make as many people as possible understand the necessity of making reforms in the domestic energy sector, and to make difficult issues of energy sphere more understandable, the experts of DiXi Group actively use modern methods of presenting information, such as infographics. Our team has issued a brochure "Why Energy Community is important for me?", with the experts demonstrating all advantages of the EU Third Energy Package for average Ukrainians using infographics and simple facts. The brochure is divided into several chapters by the specific spheres: "Gas", "Electricity", "Environment", etc. Each section ends up with answers to a simple question "What will I get?" In addition to placing infographics on the leading media resources, publishing and spreading the brochure among target audiences, its presentation with the Ukraine Crisis Media Center (UCMC) was made.

For the purposes of attracting even larger target audience to discussing the vital issues of energy sector, DiXi Group also held more events in a format of debates. For instance, debates "Coal mines in Ukraine: to invest or to abandon", held in June 2016 with support of the International Renaissance Foundation, allowed the experts, the representatives of leading government authorities and scientific institutions to share thoughts about the advantages and drawbacks of the Concept of the State Economic Program for Reforming the Coal Industry by 2020, devel-



oped by the Ministry of Energy and Coal Industry. Such dynamic discussions allow student audiences to be engaged as well. In particular, for that purpose, DiXi Group organized student debates at the National University of Kyiv Mohyla Academy. Emissions from burning coal at thermal power stations became the topic of the debates "Decarbonization in Ukraine's energy generation. Possible alternatives: nuclear or "green" energy". Participants of the reflected on what type of energy, considering geographic position, climate conditions and certain political aspects, should be developed in Ukraine. The audience, irrespective of its young age, professionally discussed the issues of electricity generation, the ways of developing renewable energy sources, and possible ways to reduce harmful emissions. The students asked crucial questions and proposed ways of dealing with problems in the energy sector.

Also, DiXi Group is constantly working on expanding its audience. The debates "Models of subsidies' monetization: it's time to choose", organized by DiXi Group together with the UCMC at the end of November 2016, were streamed online. This allowed the participants who could not attend the event to join the discussion online and to get answers to the following crucial questions: which monetization model is optimal; whether a pilot monetization project is required; why monetization of housing and utilities subsidies cannot precede or be carried out in parallel with the transition to monetary payments to municipal heating companies, etc.

ORGANIZATIONAL DEVELOPMENT

DiXi Group continued its systemic work on the development of both the organization's potential and the products we produce. The proof of a high-level strategic, operational and financial management is the transition to implementation of three systemic projects - each lasting for at least 2 years - with the appropriate scale of tasks and responsibility. Such progress would not have been possible without the development of DiXi Group team, extension of the range of analytical products, and improvement of the communication and outreach channels.

In 2016, DiXi Group team increased to include 12 staff members. In particular, analysts Taras Tkachuk and Denys Nazarenko, who helped to reinforce expertise in the legal and financial domains, joined the staff. Interns are actively engaged in the activities of the DiXi Group team both within the TTDI program (Andrii Bilous, Andrii Fihol, Oleksii Kolesnykov), and at individual discretion (Mykola Yakovenko). Volunteers from Germany (Nils Wortberg), France (Lukáš Kulich), and a Fulbright Student Fellow from the U.S. (Zoe Ripecky) worked in the team. They helped the team organize events and issued their own analytical products.

DiXi Group fulfilled recommendations concerning improvement of its operational management, financial planning, monitoring and assessment, as well as a number of other competencies, made by the audit within the TTDI program and the evaluation by the USAID. Along with the update of the applicable policies and procedures, the new ones were developed, with compliance to the best Western standards of think tank activities. Following the strategic session held on June 2-3, 2016, DiXi Group elaborated an updated Strategic Plan up to 2019.

2016 was also rich in the professional growth opportunities for DiXi Group. In particular, during the year, the team managed to use educational



courses and trainings for improving the command of English, financial and accounting record keeping, the new methods of writing analytical materials, and increasing the effectiveness of project management. Also, during the year, the team attended trainings dedicated to graphic design and SMM.

DiXi Group analysts had a possibility to pass internship at European think tanks. In February 2016, one of the analysts enjoyed a month-long internship at the CERI (a subdivision of Sciences Po university) in France. Another DiXi Group analyst had an opportunity to study new methods of writing analytical materials and to gain the necessary experience; in September 2016, he passed a two-week internship at the British think tank EUCERS of the King's College. Besides, DiXi Group experts participated in the Summer School on



Energy Law and Policy in Florence (at the Florence School of Regulation). The respective activities allowed not only to improve own knowledge but to expand the contacts with other think tanks.

The experience of developing joint studies – actually, the products ordered by policymakers from government structures and the specialized committee of the Verkhovna Rada (best practices in energy diplomacy, analysis of Naftogaz unbundling models, transparency and investments in the extractive industry, and practical implementation of the law on regulator) – turned out to be extremely positive. For foreign audiences, positive replies received the policy briefs on crucial issues of both reforming standalone markets (e.g., gas market) and energy reforms in general. DiXi Group also organized a number of “energy breakfasts”, i.e. events whose objective is an informal discussion (including such with the participation of media – editors and specialized journalists) of crucial problems in the energy sector with the participation of key stakeholders, as well as search and elaboration of mutually acceptable solutions.

We keep on investing time and efforts in our activities within CSO and expert coalitions. In



particular, the actions taken to fulfill Ukraine’s commitments under the Association Agreement are being monitored by the Energy Reforms coalition. Within the activity of Energy Transparency Association, DiXi Group experts took part in a number of round table meetings and discussions in regions, focused on the interaction among the government, communities and extractive companies. In 2016, we joined the Reanimation Package of Reforms initiative – first, as associated member, and then as full member. Within the USAID project “Transparent Energy”, DiXi Group united journalists and experts around the goal of collecting and systematizing data on the energy sector, as well as to disclose the indicated “black boxes”.



The geography of DiXi Group international contacts expanded considerably due to common projects, events, trainings and visits with our partners in Germany, France, United Kingdom, Austria, Belgium, Italy, Norway, Hungary, Romania, Lithuania, Latvia, Estonia, Azerbaijan, and Peru. In particular, because of DiXi Group good reputation, we were invited to participate in the international project to study the influence of Russia on democratic processes in the European countries via the energy sector where the team will be responsible for the Ukraine section.

STATEMENT OF INCOME AND LOSS FOR 2016

	Receipts, ths. UAH	% of total receipts	Expenditures, ths. UAH	% of total expenditures
1. Receipts				
1.1. International donor programs and foundations	9 376	72,1	7 016	66,5
1.1.1. European Commission, Project "Improving implementation of Ukraine's commitments within the Energy Community through enhancing impact of civil society"	292,1	2,2	1 340,8	12,7
1.1.2. European Commission, Project "Enhancing impact of civil society in monitoring and policy dialogue on energy and related sectors' reforms in line with the Association Agreement implementation"	4 292,7	33,0	1 836,9	17,4
1.1.3. U.S. Agency for International Development (USAID), Project "Energy Sector Anticorruption and Fiscal Transparency Initiative in Ukraine (TRANSPARENT ENERGY)"	4 683,1	36,0	3 729,9	35,4
1.1.4. Heinrich Böll Foundation's Office in Ukraine, Project "Facilitating the Dialog among Stakeholders in Ukrainian Energy Efficiency and Environmental Policy Reforms"	108,2	0,8	108,1	1,0
1.2. Ukrainian donor organizations	3 632	26,9	3 523	33,4
1.2.1. International Renaissance Foundation, Project "DiXi Group Institutional Support"	2 475,5	19,0	2 279,9	21,6
1.2.2. International Renaissance Foundation, Project "Enhancing the role or the civil society for implementation of Ukraine's commitments within the Energy Community. Second stage"		0,0	110,3	1,0
1.2.3. International Renaissance Foundation, Project "Additional funding of the Project "DiXi Group Institutional Support"	126,1	0,0	103,2	1,0



1.2.4. International Renaissance Foundation, Project "Facilitation of the establishment of an independent regulator in Ukraine. Continuation"	380,0	2,9	380,0	3,6
1.2.5. International Renaissance Foundation, Project "Preparation and advocacy of the legislation on corporate disclosure of payments in the extractive sector in the context of the Extractive Industries Transparency Initiative implementation in Ukraine. Second stage"	650,0	5,0	649,5	6,2
1.3. Grants from business entities	0	0,0	0	0,0
1.4. Funds for statutory operations	0		6,9	0,1
Total receipts	13 008	100,0	10 546	100,0
2. Expenditures			Expenditures, ths. UAH	% of total expenditures
2.1. Expenses on payroll and obligatory payments			3 741,7	35,5
2.2. Equipment and inventory			162,0	1,5
2.3. Low-value tangible assets			63,0	0,6
2.4. Intangible assets			98,1	0,9
2.5. Low cost short-term assets and supplies			385,5	3,7
2.6. Spending on business trips			10,5	0,1
2.7. Office rent and maintenance			815,6	7,7
2.8. Payments for public utilities and energy sources			31,3	0,3
2.9. Payments for telecommunication services			9,5	0,1
2.10. Project expenditures, operations and services			5 221,5	49,5
2.11. Payments for other services and other expenditures			6,9	0,1
Total expenditures			10 546	100,0



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