

European Investment Bank

Municipal lending and energy efficiency in Ukraine

*E5P Seminar
Ternopil*

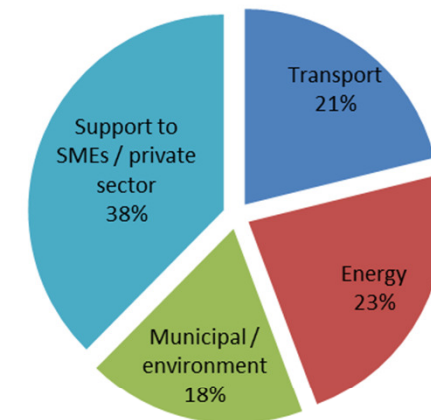
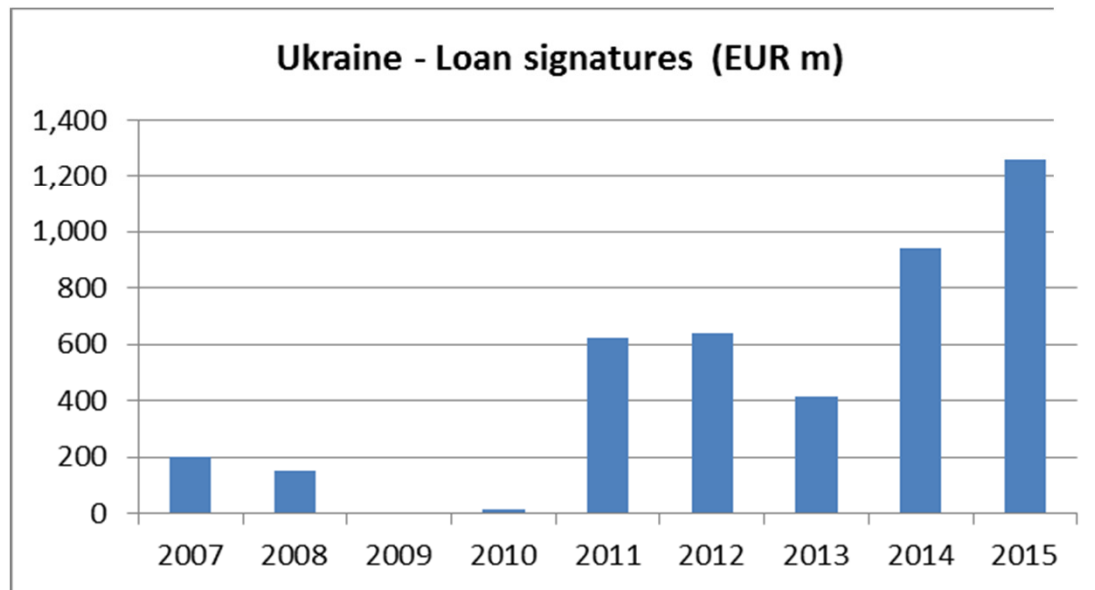
*14 April 2016
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Content

- EIB lending in Ukraine - background
- Technical assistance and grant funding
- Focus on Energy Efficiency in municipalities
- EIB support to Municipal sector in Ukraine

EIB lending activities in Ukraine

- Framework Agreement EIB-Ukraine signed in June 2005
- EIB representation in Kyiv since 2011 - co-located with EU Delegation
- Portfolio of signed loans: EUR 4.35bn
- 22 loan operations



Overall objectives for EIB lending in Ukraine

- Development of the **local private sector**, in particular SMEs
- Development of **social and economic infrastructure**, including projects in the transport, energy, energy efficiency, environmental infrastructure
- **Climate action**, covering both climate change mitigation and adaptation projects

Increased support to Ukraine

- **EIB support within EU package for Ukraine: EUR 3bn during 2014-2016**

- **EIB Task Force for Ukraine**
 - additional staff and consultancy budget resources
 - to support stepped-up lending through the years to come
 - to achieve an accelerated implementation of the loans

Technical assistance and grant funding

EIB operations in EaP and Ukraine are supported by grants from the EU budget and EU Member States:

- Eastern Europe Environment and Energy Efficiency Programme (E5P)
- Eastern Partnership Technical Assistance Trust Fund (EPTATF)
- Neighborhood Investment Facility (NIF)
- Municipal Project Support Facility (MPSF) A1

Slide 6

A1

To my knowledge MPSF is also par tof NIF,
Author, 08/04/2016

Technical Assistance and grant funding

Eastern Partnership Technical Assistance Trust Fund (EPTATF) – EIB-managed Trust Fund

supported by EU Member States, 20 operations for a total value of EUR 19m

Types of support throughout the project cycle:

- **identification:** sector and master plans
- **preparation:** pre-feasibility or feasibility studies; technical, economic and financial appraisals, environmental and social impact assessments
- **implementation:** strengthening project management and operations, skills, e.g. procurement, financial functions, maintenance.

EPTATF also provides support to **capacity-building programmes** like training officials in client countries as well as internship and secondment programmes offering the possibility to work at the EIB for a period of time.

Focus on Energy Efficiency

Energy Efficiency holds a priority attention for all lending programs

Ukraine's energy consumption is 2-2.5 times' higher compared to OECD countries and there is a great potential for improvement

Goal:

- Helping to achieve energy security and energy independence through effective and efficient energy use,
- Stimulate modern EE technologies, reduce utilities' operational costs, and lessen an environmental impact.

Potential areas for substantial EE benefits

- Energy district heating companies: rehabilitation and modernization
- Water and waste water management: efficient pumping facilities
- Municipal public transport: emphasis on electric-driven transport means
- Public buildings: demand-side management, improved energy consumption

EIB support to Municipal sector in Ukraine with EE focus

Dnipropetrovsk metro completion

Objective: financing an extension of the metro line and construction of 3 new stations, new City Transportation Plan

EUR 152m loan in co-financing with EBRD

EUR 200,000 EPTATF TA: development of an integrated public transport and marketing plan



EIB support to Municipal sector in Ukraine with EE focus

Mykolayiv Vodokanal

Objective: rehabilitation and modernization of the water-supply and wastewater collection and treatment facilities, improved system management

EUR 15.5m loan

EUR 1.4m EPTATF TA for capacity building

EUR 5.11m investment grant from E5P



EIB support to Municipal sector in Ukraine with EE focus

Ukraine Municipal Infrastructure Programme (UMIP)

Objective: supporting public infrastructure projects that aim at protecting, rehabilitating and avoiding deterioration of municipal infrastructure

- **EUR 400 m framework loan** covering, district heating, buildings' energy efficiency, street lighting, water and sanitation, solid waste
- **Final beneficiaries:** central, regional or local government agencies, public utilities and municipalities

EIB support to Municipal sector in Ukraine with EE focus

Kriviy Rih District Heating Project (a part of UMIP)

Objective: modernization of the DH infrastructure and improved operation management to bring effectiveness and efficiency in heat energy delivery

Financing Plan

Investment size: EUR 44m

EIB loan: up to EUR 22m

E5P grant: EUR 9.5m

Own funds: EUR 5m



EIB support to Municipal sector in Ukraine with EE focus

Ukraine Early Recovery Program

Objective: supporting priority recovery investments in the areas affected by the conflict in the Donbas region of Ukraine. The loan targets to recovery/upgrade of infrastructure for sheltering; recovery or construction of heating systems; recovery, improvement of the energy efficiency measures in buildings.

- **EUR 200m framework loan with** the Government of Ukraine acting through the MRD
- Final beneficiaries: central, regional and local government agencies

EIB support to Improve EE in Higher Education (Project under preparation)

- **Energy efficiency audits** in seven universities (59 buildings of size 342,000 m² of heating area)
- Audit reports delivered and presented to public
- **Heat energy savings** estimated at 28,660 MWh/a (EUR 1,35m/a)
- **Electric energy savings** estimated at 2,410 MWh/a (EUR 0,18/a)
- **Additional 23 audits** under preparation
- **More universities and institutes** to join the project

EPTATF development grant: EUR 250,000

E5P investment grant: EUR 10m

NIF Implementation support grant: EUR 3m

EIB lending: over EUR 108m, an increase may be determined jointly with GOU

Thank you for your attention!

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