

Norway-Ukraine Energy Efficiency Initiative

Financing local energy efficiency projects by strengthening local democracy and anti-corruption measures



Norwegian Ministry of Foreign Affairs



The Norway-Ukraine Energy Efficiency Initiative aims to scale up the use of external municipal financing to achieve energy efficiency in public buildings, strengthened self-governance and sustainable procurement practices.

The focus is on:

- Renovation of socially important municipal buildings, such as schools, kindergartens and health care facilities with high visibility to the population. The aim is to reduce energy consumption and increase the lifetime of the buildings.
- Demonstration projects that benefit vulnerable groups, including internally displaced persons from the conflict areas in the South-East.
- Reducing the consumption of energy generated from fossil fuels, reducing emissions of CO₂ and contributing to increased energy security.
- Enabling municipalities to govern themselves by attracting external financing and making local investment decisions.
- Fighting corruption through best practices in procurement and project implementation.

Background

In October 2014, following the annexation of Crimea and the outbreak of the armed conflict in Eastern Ukraine during spring, the foreign ministers of the Nordic countries, on the initiative of Norway, decided to establish a grant-financed programme for urgent investments needed to achieve quick and visible results. The Nordic Initiative for Energy Efficiency and Humanitarian Support - Ukraine (NIU) became operational in the same year. The emphasis was initially on fully grant-financed projects in the five regions closest to the conflict zone.

At the end of 2018, 35 such projects have been approved and 19 completed in 25 municipalities, of which 15 are in the Government controlled areas of Luhansk and Donetsk regions.

As a result, municipalities have reduced energy costs and residents enjoy an improved indoor climate. The implemented projects typically generate savings of 30 to 50 per cent in gas and electricity consumption.

NEFCO was the implementing agency for the NIU program. Experience showed that adding loan financing from NEFCO to the grant program improved the results of the projects.



Financing model

The programme provides blended funding consisting of loans and grants as well as technical assistance and project support.

Norway aims to contribute EUR 20 million of grant financing into the Norway-Ukraine Energy Efficiency Initiative.

NEFCO will leverage each project with loans.

Norway and NEFCO plan to direct half of the funding to smaller demonstration projects, about 10 to 12 per year, with soft loans of up to EUR 500,000 for each project.

The other half is intended for 3 to 4 larger projects for which NEFCO will provide up to EUR 5 million in loans.

The beneficiaries are expected to provide at least 10 per cent of the project cost from their own funds.

| | | |
|-------------|---------------------------------|------------------|
| Norway | EUR 20 million in total | Investment Grant |
| NEFCO | Up to EUR 500,000 per project | Soft Loan |
| NEFCO | Up to EUR 5 million per project | Loan |
| Beneficiary | 10% of the project costs | Own funds |



NEFCO



Combatting Climate Change

NEFCO is an international financial institution (IFI) established in 1990 by the five Nordic countries: Denmark, Finland, Iceland, Norway and Sweden with the specific purpose of promoting sustainable green growth and climate change mitigation and adaptation.

Over the years, NEFCO has financed small and medium-sized, private and public projects across different sectors in more than 60 countries, with a strong focus on Eastern Europe and the Baltic Sea, Arctic and Barents Regions. NEFCO has an extensive network within the green community and a proven ability to attract stakeholders and different financiers to relevant projects. As a result, NEFCO has managed to attract a considerable number of bilateral and multilateral fund management assignments. NEFCO's headquarters is located in Helsinki, Finland. It also has an office in Kyiv, Ukraine.

Read more at www.nefco.org.

Contributing to the SDGs



This initiative contributes to the following UN Sustainable Development Goals (SDGs):

- 7. Affordable and Clean Energy
- 13. Climate Action
- 17. Partnerships for the Goals

Contact us!



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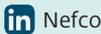


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