

## New funding programme for District Heating projects in Ukraine: Sweden-Ukraine District Heating Fund

### NEW PROGRAMME - Sweden-Ukraine District Heating Program

#### For development of long-term sustainable District Heating systems in Ukraine

The aim of the new Sweden-Ukraine District Heating Fund is to demonstrate development of modern and energy efficient district heating with a significant share of production based on renewable and waste heat sources, ultimately meeting the EU requirements for efficient district heating.<sup>1</sup>

These demonstration projects provide a holistic approach to strategic reforms of the district heating system. The projects are typically designed to provide a starting point for long-term sustainable and customer-oriented district heating in Ukraine.

The focus is on:

- Creation of district heating systems large enough to enable effective use of renewable and waste heat sources;
- Improved district heating services enabling the customers to control heat consumption in relation to their demand with improved indoor climate and hot water supply as a result;
- Introduction of renewable and waste heat sources enabling efficient district heating production with low environmental and climate impact;
- Savings in production, distribution and use of energy and water.

### Financing model

The programme provides funding in form of loans and grants, as well as technical assistance to selected project partners.

Sweden is directly investing EUR 6 million into the new programme. Up to EUR 4 million will be allocated to technical assistance during the implementation of the program. The grant cannot exceed 30 per cent of the total cost of each project.

NEFCO provides loan up to EUR 5 million for each project. The Beneficiaries are expected to provide at least 10 per cent of the project cost from their own funds.

Sweden	EUR 6 million	Investment Grant
Sweden	Up to EUR 4 million	Technical Assistance Grant
NEFCO	Up to EUR 5 million / project	Loan
Beneficiary	10% of project costs	Own funds

### ONGOING PROGRAMME - DemoUkrainaDH

#### For demonstration of modern and energy efficient District Heating in Ukraine

In 2012, a programme to demonstrate energy-efficient and sustainable district heating solutions in Ukraine took off. The DemoUkrainaDH funding programme was established by NEFCO in cooperation with the Ministry of Regional Development, Construction and Communal Services of Ukraine, together with financial support from Sweden and the Eastern Europe Energy Efficiency and Environment Partnership (E5P) fund.

Currently more than 10 projects are completed or under implementation in municipalities all over the country. The projects comprise demonstration of best practices in technical design, procurement and project implementation in small-scale and are typically replicable. As a result, residents can now enjoy improved indoor climate and hot water supply at a lower cost. The implemented projects have generated savings of 30 to 50 per cent in gas and electricity consumption.



*The inhabitants of Kamyanets-Podilsky were used to let the water tap run for 15 minutes before getting hot water. After the individual heating substations (IHS) were installed in the buildings, it now takes only a few seconds to get the same.*



*In the day care centre Sonechko the indoor temperature became stable and the children can now play without getting cold in the winter - or too hot in the summer!*

<sup>1</sup> A district heating system using at least 50% renewable energy, 50% waste heat, 75% cogenerated heat or 50% of a combination of such energy and heat.

## About NEFCO

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 to promote environmental investments and sustainable development. Over the years, NEFCO has financed more than 1,000 small and medium-sized, private and public projects across different sectors in 60 countries, with a strong focus on Eastern Europe, the Baltic Sea, and the Arctic and Barents Regions. NEFCO has an extensive network within the green community and a proven ability to connect 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 Kiev, Ukraine, and is represented through long-term engaged consultants in St Petersburg, Russia.

Read more at [www.nefco.org](http://www.nefco.org).

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## About Sweden's Reform Cooperation with Ukraine

Sweden is a longstanding partner to Ukraine. Since 1995, Sweden has invested significant political, financial and human resources in the country. Between 2014 – 2020, the overall reform cooperation with Ukraine encompasses 175 million euro. That makes Sweden the 7th largest donor in the country. Current support portfolio includes seven areas of cooperation - inclusive economic growth, public administration reform including public finance management and decentralization, gender equality, environment and energy efficiency, free and independent media, civil society support, peacebuilding, and recovery, including humanitarian aid.

Read more at <https://bit.ly/2LTiWMO>

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