



## Case Study // Round Table SDG 7: Improving the Efficiency of the Energy System

### Ukraine: Improving Energy Efficiency – Launch of the State Program on Energy Efficiency

#### Ukraine

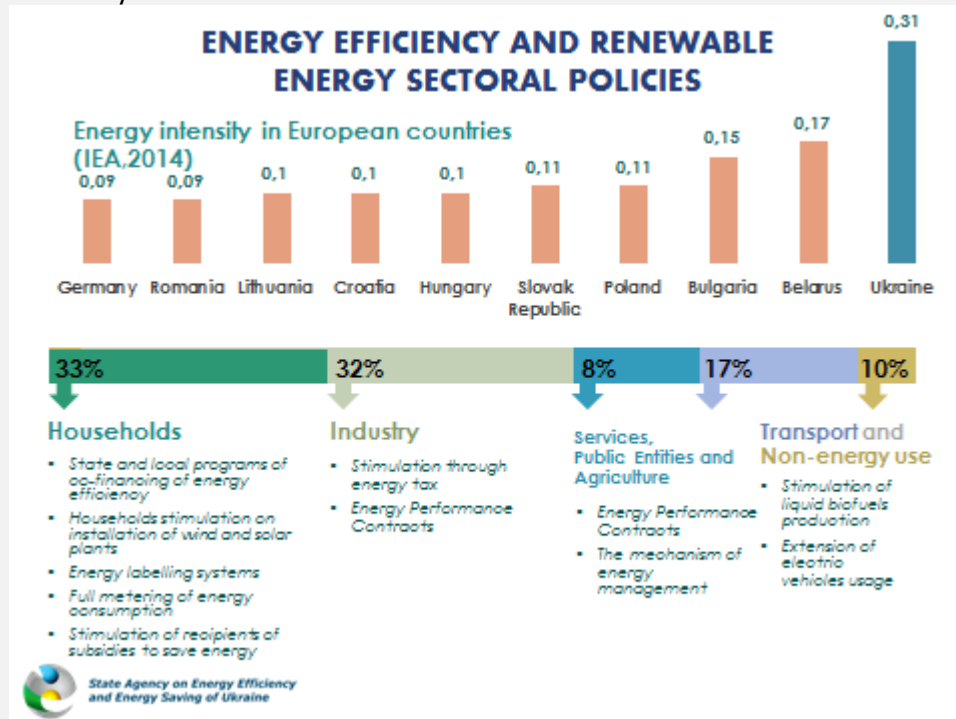
Level: national

#### Summary

The government of Ukraine launched the State Program on Energy Efficiency in 2016. The program foresees loans to finance the costs for a variety of energy efficient materials and equipment, such as insulation materials, energy efficient windows, and energy meters for individual households and condominiums. The program is part of Ukraine’s National Energy Efficiency Action Plan that is designed to run until 2020. The plan was developed in line with the EU Directive 2006/32 and Ukraine’s obligations as a member of the Energy Community. The goal of the National Energy Efficiency Action Plan is to reduce final energy consumption by 9 percent. Around €35 billion will be required to meet the action plan’s targets.

#### Situation

Energy independence is a matter of national security for Ukraine. One of the priority issues for ensuring energy independence for the government is the reduction of natural gas consumption, including both through substitution of natural gas by renewable energy sources and through improvements in energy efficiency.





Energy intensity of Ukrainian economy is among the highest in Europe. The residential sector consumes the biggest share of energy in Ukraine.

### Strategy

At the moment one of the ways to reduce energy consumption for households is “warm” loan. In order to receive reimbursement for energy efficient materials or equipment, a household or a condominium must apply to a designated bank with required documents (invoice for the purchased goods). The bank contacts the State Agency on Energy Efficiency and Energy Saving for approval, receives funds, and transfers money to the borrower.

### Results and impact

The total amount of loans issued as of the end of 2017 is over €150 million for 373 thousand households. As a result of the various measures and incentives implemented in the period from 2013 to 2017, 6.02 billion cubic meters of natural gas were saved by individual consumers, heat production companies, and public institutions. In line with the renewable energy source development strategy, 1.93 GW of modern heat capacity was installed in the past two years. About €460 million were invested in these projects.

### Challenges and lessons learned

Key challenges for the program were raising awareness among consumers and building owners of the availability of the program and the procedures for qualifying. In addition, the program obliged the potential beneficiaries to invest in the measures before initiating the approval procedures, creating both uncertainty and risk for the households and owners.

### Potential for replication

Experience of Ukraine in reduction of gas consumption through the “warm” loans can be applied in countries with emerging economies and lack of financial resources.

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