



Energy Efficiency projects development in Ukraine – overcoming barriers

Julia Shevchuk, Chief Investment Advisor,
NEFCO

Kyiv June 11, 2018

Efficiency of Donor's funds utilization

- Example: Eastern Europe Energy Efficiency and Environment Partnership E5P
- Established **in 2009**
- Total Budget: **EUR 112,000,000**

Disbursements within 10 years: EUR 13,000,000 or 12%

New problem – every year

- It takes **0,5-3 years** to solve new problems depending if only the Governmental decision is needed or ratification by the Parliament
- More than **6 state approvals**:

3-6 months for each approval = 3 years for thermal insulation of 1 kindergarten

Lack of the National Coordinator from Ukraine responsible for IFIs

Ukrainian realities

- **Most of investments to the country come from IFIs but IFIs projects are not priority for Ukraine**
- Long time – **no investments to the infrastructure** – a lot of emergency objects not ready for Energy Efficiency measures
- **Lack of Human resources** in all levels – construction workers are leaving to Poland, etc.
- Lack of human resources in the ministries and municipalities due to administration reform, **saving of budget** etc.

Problems in more detail

- **Tax exemption** – package of 300-500 pages+3-6 months procedure
- **Antimonopoly Committee** – approval of municipal guarantees, city contributions, repayment operations – 3+ months
- New requirements of **state expertise** 3-6 months
- **DH and Water sectors problems**: Regulator, Naftogas, Blocking accounts, etc.
- Special attention of **force and control authorities**: police, prosecutor office, accounting chamber – takes a lot of time
- **Weak project management** from the cities
- **Low market response** from contractors