



Residential Energy Efficiency Project Phase II 2015 - 2017

The project supports the creation of an effective legal and institutional framework for Ukrainian homeowners' associations to get access to finance for the purpose of energy efficiency modernization of the country's existing multi-family housing stock. It is implemented by the International Financial Corporation (IFC)

Ukraine is among the world's most energy intensive economies: its residential housing sector consumes approximately 25 percent of the country's electricity, and 40 percent of its heat energy resources. Energy efficiency modernization in multi-family apartment buildings has been shown to deliver the greatest potential for energy savings in the residential sector. Better energy efficiency could reduce heating consumption by 30 to 40 percent, and gas consumption by 25 to 30 percent. Scope for energy efficiency improvement in the residential sector could lead to a market in new financial services worth an estimated \$50 billion.

Overall goal

The Project's objective is to facilitate investments into energy efficient renovations or residential multi-family buildings and directly avoid CO2 by creating an effective legal and institutional platform to support Ukrainian homeowners' associations in getting access to finance for the purpose of improving the energy efficiency of the country's existing housing stock.

Outcomes

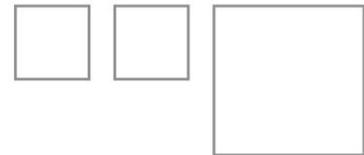
- Increase in formal residential energy efficiency loan applications by homeowner associations
- Stakeholders increase their understanding of residential energy efficiency
- Client Financial Institutions implement project recommendations and initiate residential energy efficiency lending

Key outputs

- Development of legislation to enable local homeowner associations to access finance for the purpose of improving energy efficiency in multi-family buildings
- Increased awareness about residential energy efficiency among key market stakeholders to promote legal changes, stimulate investment pipeline development and ensure cooperation and support from key target groups such as municipalities, government officials, financial institutions and other players
- Work with three to five partner Ukrainian banks to develop and market financially viable energy efficiency housing loan products targeted at homeowner associations

Previous phase results

With IFC assistance three domestic commercial banks are now offering lending products for energy efficient modernization in multi-family apartment buildings. To date, they issued a modest number of 10 loans. Start of lending demonstrates viability of this product; draft legislation on various aspects of individual and collective ownership of multi-family



apartment buildings have been approved by the Cabinet and submitted to Parliament; The National Bank of Ukraine has reduced the reserve requirements on loans to homeowner associations to a range between 7 and 20 percent (down from 100 percent); since the start of cooperation with the cities of Lviv and Vinnytsia, a total of 65 energy audits have been conducted in Vinnytsia and 27 in Lviv. While energy audits have not immediately transformed into a banking pipeline, it gave market an understanding of the typical technical modernization initiatives, their costs and effects.

In a nutshell	
Objective	Facilitate investments into energy efficient renovations
Activities	<ul style="list-style-type: none">- Develop legislation for energy efficiency financing- Increase awareness about energy efficiency loan products- Work with partner banks to develop and market financially viable energy efficiency loan products
Theme	Access to finance
Target Group	Ukrainian homeowners' associations
Country	Ukraine
Costs	Total project costs: USD 3.5 million Swiss contribution: USD 3.5 million
Partner	International Finance Coporation (IFC)
Responsible for Project Implementation	International Finance Coporation (IFC)
Current Situation / Back-ground Information	Ukraine is among the world's most energy-intensive economies, also due to energy inefficient residential buildings
Duration	2015–2017
Goal	Create an effective legal and institutional framework for Ukrainian homeowners' associations to get access to finance for energy efficient renovations.