

Ukraine: Upgraded heating supply for Kryvyi Rih in Ukraine with €6.4 million from multi-donor fund E5P and a €31.6 million loan from the EIB



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- **€6.4 million grant for modernising heating systems in public buildings in the city of Kryvyi Rih in southern Ukraine**
- **Individual heating substations along with monitoring and control systems will be installed in 376 public buildings, reducing carbon dioxide (CO₂) emissions by 4 208 tonnes per year**
- **Grant supplements a € 31.6 million EIB loan for modernising Kryvyi Rih's district heating**

The European Investment Bank (EIB) will support the upgrade of the municipal district heating system in the Ukrainian City of Kryvyi Rih with a €31.6 million loan, supplemented by a €6.4 million grant from the Eastern Europe Energy Efficiency and Environment Partnership ([E5P](#)). The [Kryvyi Rih District Heating Modernisation project](#) is part of the broader Ukraine Municipal Infrastructure Programme ([UMIP](#)), promoted by the Ministry of Communities and

Territories Development of Ukraine.

The E5P grant financing will allow the city to install individual heating substations and introduce a modern monitoring and control system in 376 public buildings including schools, kindergartens and hospitals. It will help increase the efficiency of heating distribution and production, in turn reducing CO₂ emissions by 4 208 tonnes per year and achieving energy savings equivalent to 2 226 m³ of natural gas per year.

The upgrade of the municipal heating system will create effective, efficient and environmentally friendly energy consumption in Kryvyi Rih.

Jean-Erik de Zagon, Head of the [EIB resident representation for Ukraine](#), said: *“Municipal infrastructure in Ukraine is going through a process of substantial structural changes, including the restructuring of public utilities and the reform of tariffs in the provision of public services including water, waste management, transport and electricity. As the EU climate bank, the EIB supports these changes which will provide significant environmental benefits for the city of Kryvyi Rih, contributing to better energy management and the economic development of Ukraine.”*

Stefan Schleuning, Head of Cooperation at the [European Union Delegation to Ukraine](#) said: *“Modernisation of the district heating system is key to enhance the wellbeing of Ukraine’s citizens, its energy efficiency and security. The EU has a long-standing engagement in this sector. We are happy to support the Kryvyi Rih District Heating project, a large project in one of the most important industrial centres of the country. It also demonstrates the efficiency of blending loan and grant assistance and working together with our partners at the EIB – the EU climate bank – and E5P Fund, to which the EU is the largest contributor.”*

Iurii Vilkul, Mayor of Kryvyi Rih, said: *“The Kryvyi Rih District Heating Modernisation Project is focused on improving efficiency in the distribution and generation of heating. It is based on modern technology with high environmental benefits and contributes a great deal to consumer awareness. We are very proud that an institution like the EIB is providing us with the financial support that will enable us to improve the energy efficiency of municipal buildings in Kryvyi Rih. We are also grateful for generous grant support from the E5P contributors as without their help, the project could not happen on this scale.”*

Erik Malmberg, Desk Officer at the Swedish Ministry for Foreign Affairs said: *“Sweden is since long supporting Ukraine in its EU-approximation and implementation of the EU-Ukraine association agreement. In this regard, Sweden has made available considerable resources to Ukraine for improvement of energy efficiency, including modernisation of district heating systems, which is in a critical condition in many cities, including Kryvyi Rih. The E5P was initiated by Sweden during its Presidency of the EU and Sweden is also the largest bilateral contributor to the E5P Fund. Sweden will continue to cooperate with Ukraine and its cities in the area of energy efficiency and district heating to help the country to improve services for people in Kryvyi Rih and elsewhere, making the services more sustainable, save energy*

resources and enhance energy independence, also reducing impact on public health, and pollution to the environment, including reduction of greenhouse gas emissions leading to climate change.”

Kateryna Stasiuk, E5P Principal Manager commented: *“The E5P multi-donor Fund is supporting Ukraine with grants of €134 million with the European Union and Sweden being the largest contributors. Municipal district heating has been a priority sector for E5P in Ukraine since the start of activities in 2009. For the EIB project in Kryvyi Rih, the E5P investment grant is financing demand side investments, such as individual heating substations and SCADA systems, hence introducing modern technologies with high environmental benefits. The E5P looks forward to supporting further investments to help the city build sustainable and affordable infrastructure.”*

Pavlo Pakholko, Head of the Programme Management & Support Unit (PMSU), UMIP Programme said: *“I would like to thank the EIB and E5P Contributors for their assistance in the development of the municipal infrastructure of Ukraine. I also want to emphasise the importance of the Ukraine Municipal Infrastructure Programme. Public infrastructure projects in medium and large municipalities make a great difference for their local communities. As one of the main industrial centres of the country, Kryvyi Rih plays an important role in Ukraine’s economy. We are therefore glad to continue this effective cooperation that will positively affect the energy consumption of public buildings in Kryvyi Rih.”*

Background information

As the largest multilateral [borrower](#) and lender by volume, the EIB provides finance and expertise for sound and sustainable investment projects which contribute to furthering EU policy objectives. More than 90% of EIB activity is focused on [Europe](#), but it also supports the [EU’s external and development policies](#).

The EIB finances projects in [Ukraine](#) on the basis of the EU External Lending Mandate. This provides the EIB with a guarantee covered by the EU budget for projects of significant interest to the EU and its [Eastern Neighbours](#) in the areas of social and economic infrastructure, local private sector development and climate action.

Eastern Europe Energy Efficiency and Environment Partnership ([E5P](#))

The E5P is a €230 million multi-donor Fund initiated during the Swedish Presidency of the European Union in 2009 and now active in all the Eastern Partnership countries. The purpose of this multi-donor and multi-agency Fund is to co-finance municipal investments to improve energy efficiency thus contributing to energy security and economic competitiveness, while also having a positive impact on environment and combating climate change.

The E5P in Ukraine stands at €134 million and merges financial contributions from the European Union, as the largest contributor, Sweden, Germany, Denmark, Finland, Norway, Switzerland, USA, Poland, Estonia, Iceland, Latvia, Lithuania, Ireland and the Slovak Republic. Ukraine is also a contributor to

the E5P Fund with €20 million. The E5P Fund in Ukraine is supporting 23 projects mainly for district heating, energy efficiency in public and residential buildings, solid waste management, wastewater treatment and public transport. The E5P grants are combined with IFI loans generating an investment volume of over half a billion euro. The Fund also supports policy dialogue and regulatory reforms.