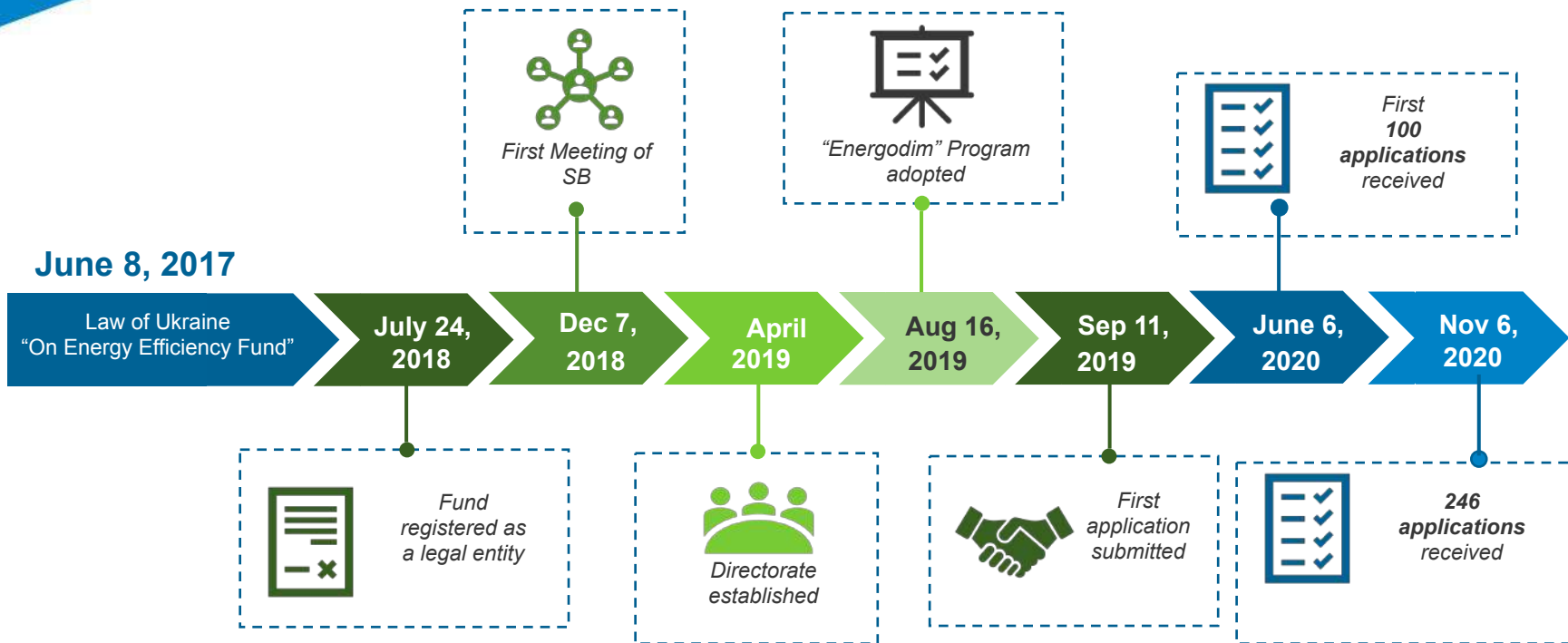


# 2020–2025 Energy Efficiency Fund Strategy



# PROGRESS SINCE ADOPTION OF LAW ON THE EEF



# STATUS OF THE FUND IN 2020:



The Fund is a state institution following the principles of good corporate governance; donors have confidence in the fund's policies and procedures



The Energodim Program complies with Ukrainian energy-efficiency legislation and is continuously updated to follow the best international practices



Demand for the Fund's products increased despite the severe health and economic impact of the COVID-19 pandemic



A team of professionals continuously improves products and services for clients and ensures high-quality implementation of energy efficiency measures



A branched partnership network ensures support to beneficiaries with significant potential for growth



A system for project monitoring, evaluation, and verification ensures the efficient measurement of progress towards target indicators for donors and the state

# KEY RESULTS



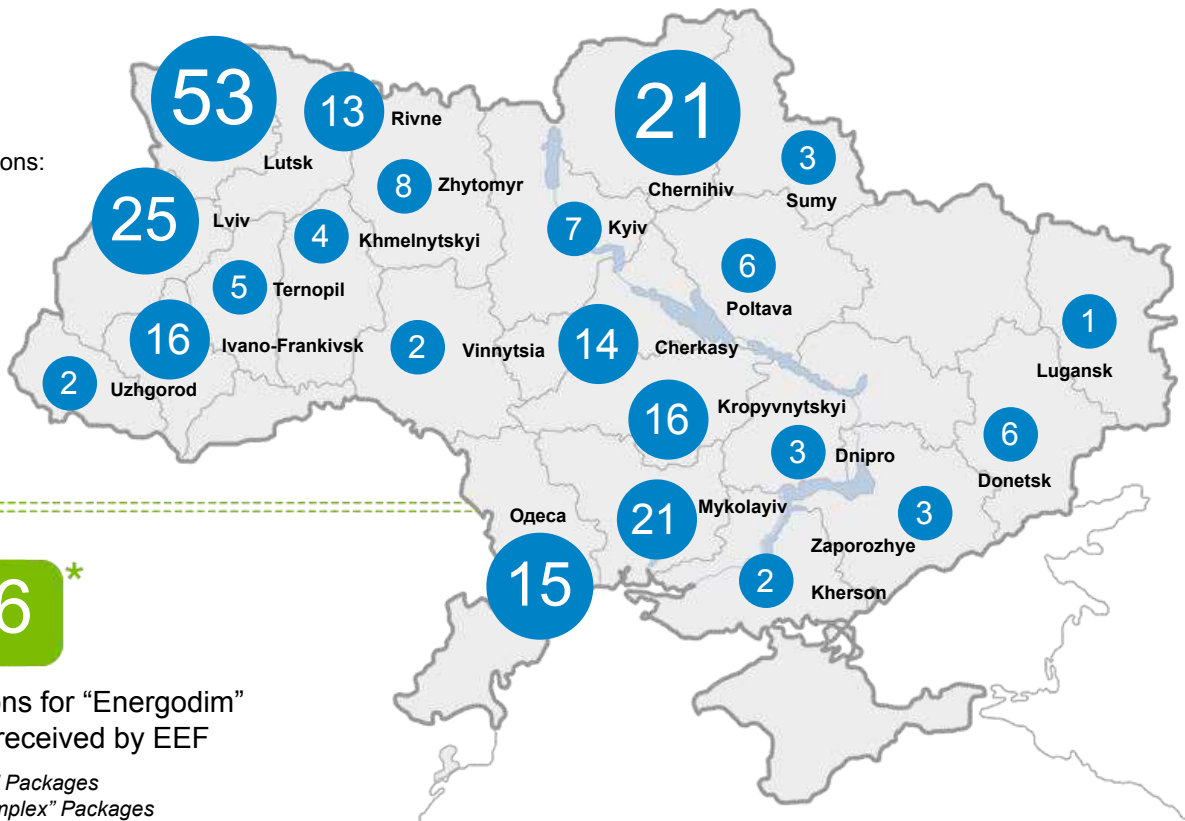
Declared annual emission reductions:  
**29.94** (thousand tons/year)



Value of projects submitted:  
**UAH 1,688 million**



Total expect amount of grants:  
**UAH 1,181 million**



148

Homeowner Associations throughout Ukraine applied to the “Energodim” Program

246\*

Applications for “Energodim” Program received by EEF

52 “Light” Packages  
194 “Complex” Packages

\* as of November 6, 2020

# FACTOR ANALYSIS (PESTEL)



## POLITICAL

Ukraine intends to fulfill the EU Green Deal (including renovation wave for buildings)

Agreements EE4U and EE4UII ensure that international donor support for EE projects in the multifamily residential sector are effective



## ECONOMIC

COVID-19 is having a negative, long-term impact on the Ukrainian economy and the personal finances of Ukrainians

Complex EE projects are costly for Ukrainians



## SOCIAL

Ukrainian households are experiencing energy poverty

Ukrainians have low levels of awareness about energy efficiency and state-supported programs



## TECHNOLOGICAL

There is a lack of expertise necessary for implementing EE projects at all levels (including energy audit, designing, installation, construction), which reduces the quality of projects

Digitalization is a trend that is transforming the public services sector by improving client communication and operating efficiency



## ECOLOGICAL

Global warming encourages countries to seek methods to mitigate it

Decreasing CO<sub>2</sub> emissions, sustainability and resource efficiency is becoming increasingly important trend in Ukraine



## LEGAL

Legislative and regulatory barriers in the construction and EE sphere prevent the quick and efficient implementation of EE projects.

Legal barriers in the Law of Ukraine “On EE Fund” make the simplification of certain internal Fund procedures challenging.

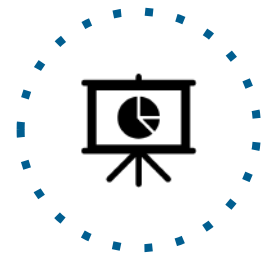


## MISSION

**To improve the quality of life of Ukrainians by decreasing the costs** of utilities in multi-family buildings through energy efficiency initiatives

## STRATEGIC OBJECTIVE IN 2025:

**More than 426 thousand families in 4,903 multifamily buildings** saved at least 20% in utility costs, thereby improving the quality of life; greenhouse gas emissions reduced by 537 thousand tons of CO<sub>2</sub> per year



## VISION

**The Fund is a leader in energy efficiency** trusted by clients, partners, and the government. The Fund meets international standards through the application of innovative, technical, and financial solutions in the sector. The Fund is contributing to the development of efficient energy in Ukraine.



*2,643 projects under implementation demonstrate that 1.6% of the market can be upgraded for energy efficiency annually*



### GOAL: 2022

**To become a client-oriented state institution** providing for the needs of beneficiaries through grants, while meeting the best international standards for quality in EE initiatives

### TOP THREE PRIORITIES FOR 2021

- ✓ Digitalization
- ✓ Improvement of products and service levels
- ✓ Ensuring regional HOA policy in project co-financing

**VALUES**

*Serving society*



*Transparency*



*Professionalism and teamwork*



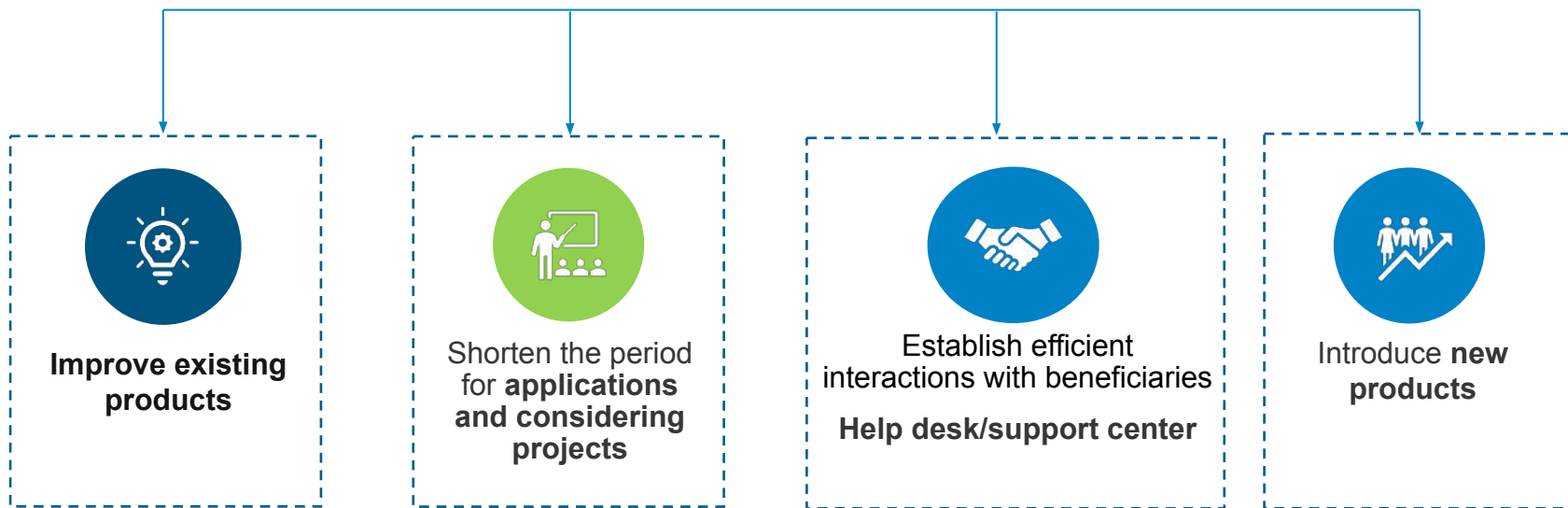


- **Efficient interactions** with partners and donors
- **Developing products** and providing high-quality services
- **Introducing an IT platform** to automate all processes
- Developing a **highly efficient team**
- Ensuring the **sustainable operation of the Fund**





## Focus on Beneficiary Needs and Quality Services



# INTRODUCING AN IT PLATFORM TO AUTOMATE ALL PROCESSES

The **Digitalization** process includes:



**Launching a web portal** to simplify the submission of documents to the Fund, speed up document processing by the Fund, and develop interactions with clients



**Create an IT infrastructure** that meets the key requirements of the Fund's main operating processes



**Expand IT infrastructure functions;** improve the CRM and ERP systems

# DEVELOPING A HIGH PERFORMING TEAM



## EFFICIENCY MANAGEMENT



Improvement of the staff  
management system



## DEVELOPMENT MANAGEMENT



Improvement of staff, selection,  
adaptation, development, and  
training system



## DETECTION AND NEUTRALIZATION OF CORRUPTION AND COMPLIANCE RISKS

Introduce an efficient anti-corruption initiative and a compliance policy



## IMPROVEMENT OF LEGISLATION AND THE LEGAL AND REGULATORY FRAMEWORK RELATED TO THE FUND

Amend legislation that governs the Fund's activity to optimize and improve operating efficiency, taking the Fund's needs into account



## EFFICIENT OPERATIONAL MANAGEMENT

Develop an efficient operational management system

## BASELINE

- ✓ Implementation of a unified state policy on energy efficiency of buildings (there are no "cannibalization" programs)
- ✓ Positive but moderate emergence of project support specialists (project managers) in the market, which will popularize the Program and gradually increase the number of applications
- ✓ Moderate financial impact (versus catastrophic) on citizens due to the economic consequences of the COVID-19 pandemic
- ✓ Support for homeowner associations in cities and amalgamated communities to be provided by the approval of local co-financing programs (moderate community activity related to the COVID-19 pandemic and the directing of local resources to healthcare, disease prevention, or other projects directly related to overcoming the direct consequences of the pandemic)
- ✓ Moderate improvement of Program conditions for homeowner associations and digitalization of processes

## OPTIMISTIC

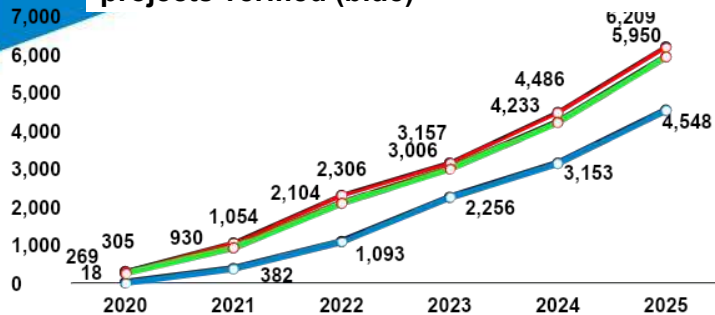
- ✓ Implementation of a unified state policy in the field of energy efficiency of buildings (there are no "cannibalization" programs)
- ✓ Active involvement of project managers
- ✓ Insignificant impact on the financial situation of citizens of the economic consequences of the COVID-19 pandemic
- ✓ Support for homeowner associations in cities and amalgamated communities through the active approval of local co-financing programs
- ✓ Change of grant policy and development of conditions of the Program that will significantly reduce the financial burden on citizens of project implementation, as well as full digitalization of processes

## PESSIMISTIC

- ✓ Poor macroeconomic situation in Ukraine and the world and catastrophic financial impact of the COVID-19 pandemic on citizens
- ✓ Lack of positive impact of project support specialists (low activity)
- ✓ Significant drop in demand after receiving the 500th application (lack of sufficient incentives for citizens)
- ✓ Low level of support for homeowner associations in cities and amalgamated communities
- ✓ Lack of significant improvements in the terms of the Program on citizens



Quantity: applications received (red)  
 applications approved (green)  
 projects verified (blue)

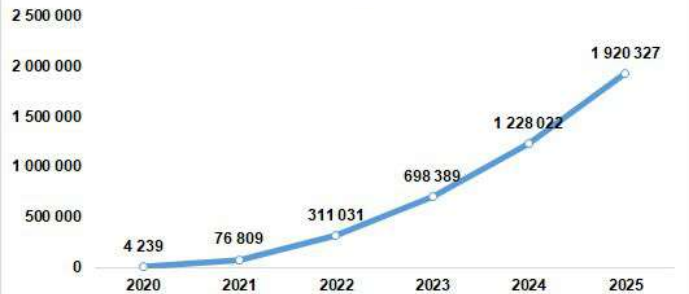


By the end of 2025,  
 4,903 HOAs will  
 receive grants from  
 the Fund

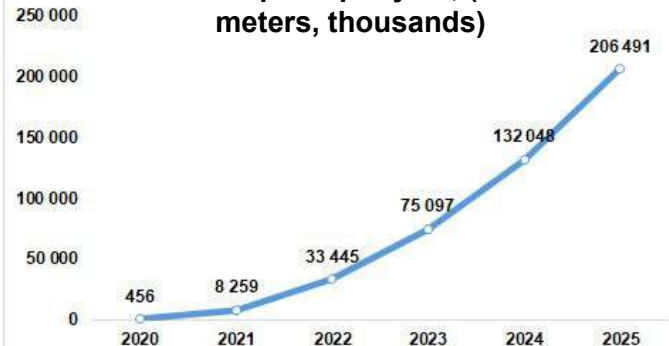
*while 2,643 projects will  
 be under  
 implementation*

1.6% of the market can  
 be upgraded for energy  
 efficiency annually

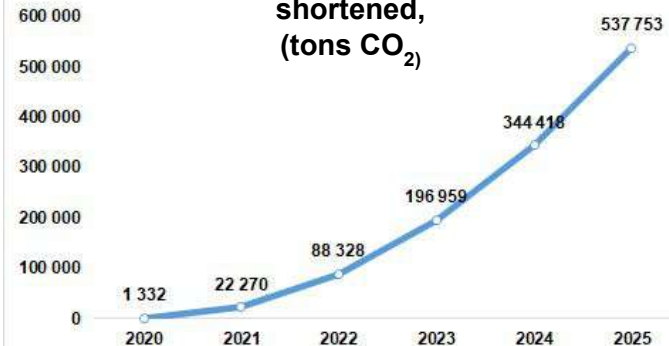
Cumulative energy savings,  
 kW/hours, thousands



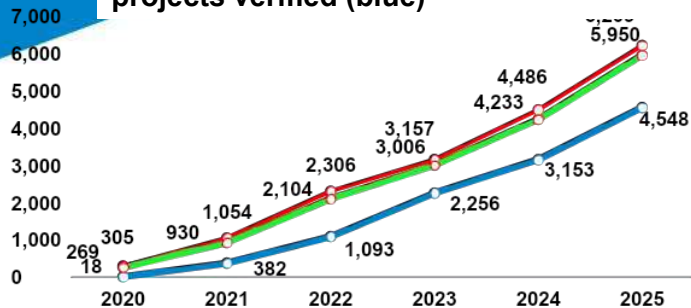
Cumulative natural gas  
 consumption per year, (cubic  
 meters, thousands)



Cumulative emissions  
 shortened,  
 (tons CO<sub>2</sub>)



Quantity: applications received (red)  
 applications approved (green)  
 projects verified (blue)

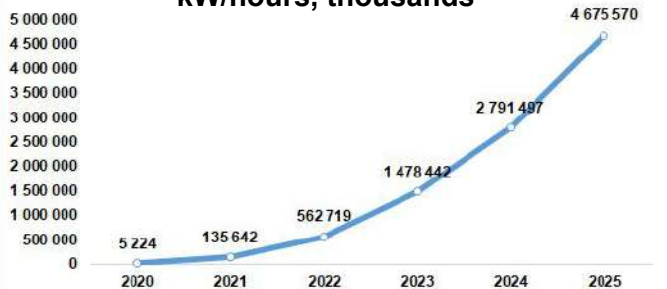


By the end of 2025,  
 11,450 HOAs will  
 receive grants from  
 the Fund,

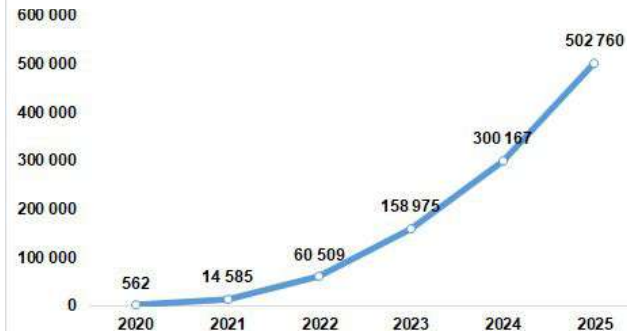
*while 6,084 projects will  
 be under  
 implementation*

4.3% of the market can  
 be upgraded for energy  
 efficiency annually

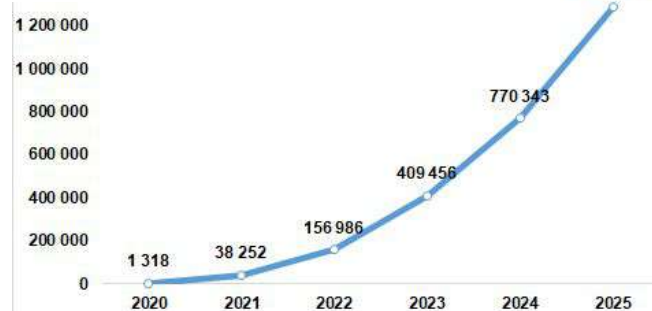
Cumulative energy savings,  
 kW/hours, thousands



Cumulative natural gas consumption per  
 year, (cubic meters, thousands)



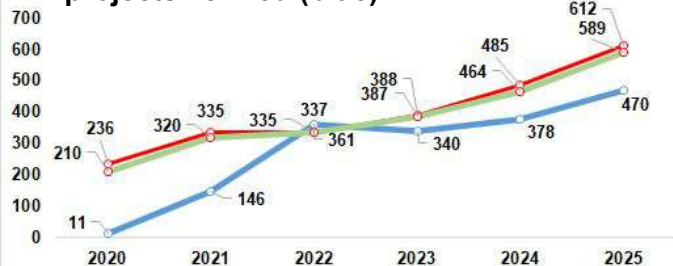
Cumulative emissions shortened,  
 (tons CO<sub>2</sub>)



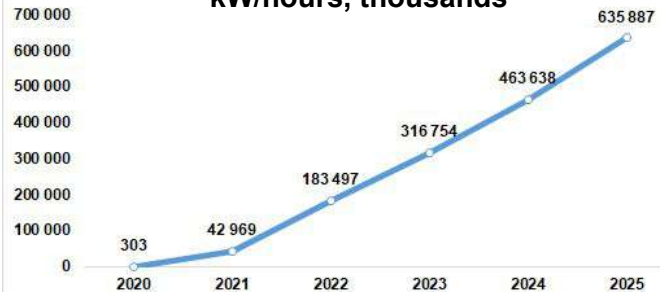


# EXPECTED INDICATORS: PESSIMISTIC SCENARIO

Quantity:  
 applications received (red)  
 applications approved (green)  
 projects verified (blue)



Cumulative energy savings,  
 kW/hours, thousands

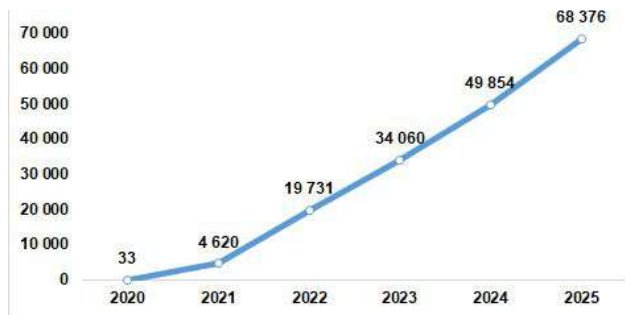


By the end of 2025,  
 1,706 HOAs will receive  
 grants from the Fund

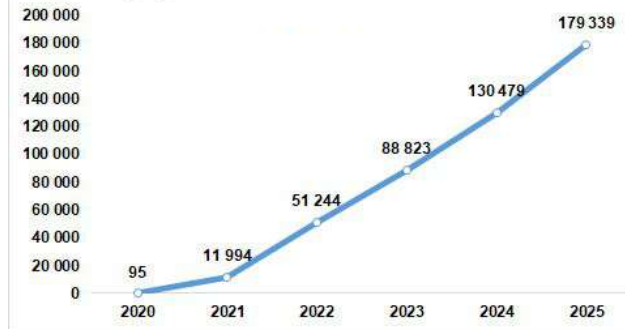
*while 704 projects will be  
 under implementation*

0.4% of the market can  
 be upgraded for energy  
 efficiency annually

Cumulative natural gas consumption per  
 year, (cubic meters, thousands)



Cumulative emissions reduced tons CO<sub>2</sub>



# EXPECTED INDICATORS: BASELINE SCENARIO

Indicator	Unit of measurement	2019	2020	2021	2022	2023	2024	2025	Indicator	Unit of measurement	2019	2020	2021	2022	2023	2024	2025
Number of received applications, Package A	Unit	3	69	249	426	515	679	894	Received applications for verification, packages A and B	Unit	0	9	232	625	990	1 311	1 736
Number of received applications, Package B	Unit	14	189	392	682	827	1117	1490	Projects in the process of verification, packages A and B	Unit	0	3	30	36	31	26	42
Total number of received applications	Unit	17	258	641	1108	1342	1796	2384	Total number of verified projects, packages A and B	Unit	0	6	202	589	959	1 285	1 694
Number of approved applications, Package A	Unit	1	57	224	399	496	641	873	Full value of applied projects	UAH, mln	123	1 533	3 369	6 361	8 382	12 274	17 767
Number of approved applications, Package B	Unit	2	173	358	632	802	1 067	1 427	Full value of ongoing projects	UAH, mln	11	1 421	3 042	5 838	8 019	11 563	16 843
Total number of approved applications	Unit	3	230	582	1 031	1 298	1 708	2 300	Full value of verified projects in the period	UAH, mln	0	25	752	2 693	4 846	7 401	10 396

# EXPECTED INDICATORS: BASELINE SCENARIO

Indicator	Unit of measurement	2019	2020	2021	2022	2023	2024	2025	Indicator	Unit of measurement	2019	2020	2021	2022	2023	2024	2025
Financing of the Fund to statutory activities following the laws on the State Budget	UAH, mln	1 219	0	619	3 625	5 753	8 867	12 142	Number of trained energy auditors	Unit	100	200	200	100	100	100	100
EEF funds provisioned for grants	UAH, mln	4	493	891	1 451	3 625	5 753	8 376	Number of trained project managers	Unit		300	300	200	100	100	100
MDTF provisioned for grants	UAH, mln	4	493	891	1 451	363	0	0	Total number of memoranda with amalgamated communities ( <i>hromadas</i> )	Unit	1	30	150	200	250	275	300
Amount of provided EEF grants	UAH, mln	0	24	273	883	1 319	2 834	5 244	Total number of local programs adapted to the Fund program and provided with financing from local budgets	Unit	2	150	250	300	350	375	400
Percentage of costs for the Fund maintenance from the value of ongoing projects	%	120,4	4,3	3,5	2,0	1,6	1,2	0,9	Number of partner banks	Unit	1	4	6	7	8	8	8
Cumulative reduction of CO2 emissions from implemented projects	million tons		1,3	22,3	88,3	197,0	344,4	537,8	Number of employees of one gender, +/-10%	%	40	40	40	40	40	40	40
Ratio of project received online	%			30	70	100	100	100	Maximum level of staff turnover	%	20	20	20	20	20	20	20

# EXPECTED INDICATORS: OPTIMISTIC SCENARIO

Indicator	Unit of measurement	2019	2020	2021	2022	2023	2024	2025	Indicator	Unit of measurement	2019	2020	2021	2022	2023	2024	2025
Number of received applications, Package A	Unit	3	84	331	715	980	1391	1924	Received applications for verification, packages A and B	Unit	0	20	380	1 093	2 256	3 153	4 548
Number of received applications, Package B	Unit	14	221	723	1591	2177	3095	4285	Projects in the process of verification, packages A and B	Unit	0	9	50	61	95	82	121
Total number of received applications	Unit	17	305	1054	2306	3157	4486	6209	Total number of verified projects, packages A and B	Unit	0	11	330	1 032	2 161	3 071	4 427
Number of approved applications, Package A	Unit	1	69	296	651	935	1 286	1 865	Full value of applied projects	UAH, mln	123	1 806	6 005	14 338	21 333	32 965	49 600
Number of approved applications, Package B	Unit	2	200	634	1 453	2 071	2 947	4 085	Full value of ongoing projects	UAH, mln	11	1 649	5 227	12 956	20 052	30 926	46 777
Total number of approved applications	Unit	3	269	930	2 104	3 006	4 233	5 950	Full value of verified projects in the period	UAH, mln	0	34	1 549	5 240	12 581	19 807	30 704

# EXPECTED INDICATORS: OPTIMISTIC SCENARIO

Indicator	Unit of measurement	2019	2020	2021	2022	2023	2024	2025	Indicator	Unit of measurement	2019	2020	2021	2022	2023	2024	2025
Financing of the Fund to statutory activities following the laws on the State Budget	UAH, mln	1 219	0	5 061	10 027	15 473	23 954	35 155	Number of trained energy auditors	Unit	100	200	200	100	100	100	100
EEF funds provisioned for grants	UAH, mln	4	571	1 426	5 280	10 027	15 473	23 387	Number of trained project managers	Unit		300	300	200	100	100	100
MDTF provisioned for grants	UAH, mln	4	571	1 426	1 200	0	0	0	Total number of memoranda with amalgamated communities ( <i>hromadas</i> )	Unit	1	30	150	200	250	275	300
Amount of provided EEF grants	UAH, mln	0	30	554	1 568	5 195	10 067	15 572	Total number of local programs adapted to the Fund program and provided with financing from local budgets	Unit	2	150	250	300	350	375	400
Percentage of costs for the Fund maintenance from the value of ongoing projects	%	120,4	3,7	2,3	1,0	0,7	0,5	0,4	Number of partner banks	Unit	1	4	6	7	8	8	8
Cumulative reduction of CO2 emissions from implemented projects	million tons		1,6	38,3	157,0	409,5	770,3	1289,0	Number of employees of one gender, +/-10%	%	40	40	40	40	40	40	40
Ratio of project received online	%			30	70	100	100	100	Maximum level of staff turnover	%	20	20	20	20	20	20	20

# EXPECTED INDICATORS: PESSIMISTIC SCENARIO

Indicator	Unit of measurement	2019	2020	2021	2022	2023	2024	2025	Indicator	Unit of measurement	2019	2020	2021	2022	2023	2024	2025
Number of received applications, Package A	Unit	3	55	167	169	198	247	312	Received applications for verification, packages A and B	Unit	0	6	131	354	335	382	452
Number of received applications, Package B	Unit	14	181	168	168	190	238	300	Projects in the process of verification, packages A and B	Unit	0	3	29	10	0	7	12
Total number of received applications	Unit	17	236	335	337	388	485	612	Total number of verified projects, packages A and B	Unit	0	3	102	344	335	375	440
Number of approved applications, Package A	Unit	1	45	152	167	199	234	301	Full value of applied projects	UAH, mln	123	1 447	1 544	1 682	2 080	2 832	3 882
Number of approved applications, Package B	Unit	2	165	168	168	188	230	288	Full value of ongoing projects	UAH, mln	11	1 339	1 499	1 656	2 039	2 694	3 684
Total number of approved applications	Unit	3	210	320	335	387	464	589	Full value of verified projects in the period	UAH, mln	0	2	524	1 685	1 600	1 871	2 384

# EXPECTED INDICATORS: PESSIMISTIC SCENARIO

Indicator	Unit of measurement	2019	2020	2021	2022	2023	2024	2025	Indicator	Unit of measurement	2019	2020	2021	2022	2023	2024	2025
Financing of the Fund to statutory activities following the laws on the State Budget	UAH, mln	1 219	0	0	0	320	1 609	2 519	Number of trained energy auditors	Unit	100	200	200	100	100	100	100
EEF funds provisioned for grants	UAH, mln	4	465	501	407	500	662	1 146	Number of trained project managers	Unit		300	300	200	100	100	100
MDTF provisioned for grants	UAH, mln	4	465	501	407	500	662	662	Total number of memoranda with amalgamated communities ( <i>hromadas</i> )	Unit	1	30	150	200	250	275	300
Amount of provided EEF grants	UAH, mln	0	7	192	573	447	463	595	Total number of local programs adapted to the Fund program and provided with financing from local budgets	Unit	2	150	250	300	350	375	400
Percentage of costs for the Fund maintenance from the value of ongoing projects	%	120,4	4,5	6,6	6,6	6,0	4,8	3,8	Number of partner banks	Unit	1	4	6	7	8	8	8
Cumulative reduction of CO2 emissions from implemented projects	million tons		0,1	12,0	51,2	88,8	130,5	179,3	Number of employees of one gender, +/-10%	%	40	40	40	40	40	40	40
Ratio of project received online	%			30	70	100	100	100	Maximum level of staff turnover	%	20	20	20	20	20	20	20

Indicator	Unit of measurement	BASELINE	OPTIMISTIC	PESSIMISTIC
Average cost of Package A	UAH, thousands	1,559		
Average cost of Package B	UAH, thousands	7,113		
Ratio of packages A / packages B	%	60	91	45
Average reduction of energy consumption (Package A/Package B)	kWh, thousands	302.8/492.2		
Average reduction of energy consumption (Package A/Package B)	Gcal	260/423		
Average reduction of natural gas consumption (Package A/Package B)	M <sup>3</sup>	32,559/52,926		
Average emission reduction (Package A/Package B)	Tons CO <sub>2</sub>	95.15/129.1		
Project implementation period: Package A	Months	7	7	12
Project implementation period: Package B	Months	17	13	18
Annual inflation of the Fund's expenditure budget	%	8.7		
Annual increase of construction and materials costs	%	15		



[www.eefund.org.ua](http://www.eefund.org.ua)

Partners:

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МІНІСТЕРСТВО РОЗВИТКУ  
ГРОМАД ТА ТЕРИТОРІЙ УКРАЇНИ



 Federal Ministry for the  
Environment, Nature Conservation  
and Nuclear Safety



**giz** Deutsche Gesellschaft  
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Zusammenarbeit (GIZ) GmbH

