



**E5P**  
Eastern Europe  
Energy Efficiency &  
Environment Partnership

Newsletter issue 9, February 2016

## In this issue:

5th E5P Assembly meets in London on 7 December 2015

Signing of the E5P projects for the Ukrainian cities of Lviv and Chernivtsy

Overview of E5P activities in Armenia, Georgia and Moldova

## E5P in brief

## Fifth E5P Assembly of Contributors meets in London



*(from left) Mr Victor Marchenko, Director, Ministry of Economic Development and Trade of Ukraine, Mr Artem Shevalev, Deputy Minister of Finance of Ukraine, Mr Valeriu Triboi, Deputy Minister of Economy of Moldova, Mr David Lezhava, Deputy Minister of Finance of Georgia, Mr Hayk Harutyunyan, Deputy Minister of Energy and Natural Resources of Armenia*

EBRD headquarters in London was the venue for the December meeting of E5P's Assembly of Contributors, the main decision-making and governance body for the E5P fund.

The meeting was well attended with representatives from all donors, including Deputy Ministers in attendance from Armenia, Georgia, Moldova and Ukraine. Mr Vassilis Maragos chaired the meeting on behalf of the European Union which is the largest contributor to E5P. Other donors in attendance included: the Czech Republic, Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania, Norway, Poland, Romania, Slovak Republic, Sweden, USA, Belarus and Switzerland.

### **Ukraine**

The Assembly approved six new projects in Ukraine with total E5P grants of almost €30m: Chernivtsy district heating rehabilitation (€4m grant), Lviv wastewater and biogas (€7.5m grant), energy efficiency measures for higher education

buildings (€10m grant), energy efficiency measures for public buildings in Chernivtsy (€3m grant) and Ivano-Frankivsk (€2.4m grant), and a €3m grant assistance for the NEFCO led Nordic Energy Efficiency and Humanitarian Support Initiative operating in Eastern Ukraine.

The approval of the new projects in Ukraine was especially well received given the ongoing reform of the energy sector in the country. Mr Artem Shevalev, Ukraine's Deputy Minister of Finance, highlighted the recent unprecedented hike in energy tariffs in Ukraine of about 280%. He stressed the importance of E5P district heating projects and energy saving measures for public and residential buildings - such as the Ukrainian Residential Energy Efficiency Financing Facility (UREEFF) - which are helping the people of Ukraine to deal with these challenges.

The EBRD Vice President Betsy Nelson noted that the E5P Implementing Agencies are working in



a challenging market. In particular, legal and regulatory challenges in Ukraine need to be resolved to ensure that the funds generously donated by the Contributors, including Ukraine, are used swiftly and efficiently.

The E5P funds of €110 million pledged for Ukraine are now almost 80% committed to 18 projects across the country. The next challenge is effective implementation and disbursement of funds.

### Armenia, Georgia and Moldova

The Assembly examined the financial status and project pipeline for Armenia, Georgia and Moldova. Armenia welcomed the approval of two new project for solid waste management in Yerevan (€2m grant) and in Kotayk (€2m grant) situated in the Gegharkunik province of Lake Sevan. Similarly, Georgia welcomed approval of a proposal by the Council of Europe Development Bank to

to reconstruct schools in Tbilisi which were damaged by earthquake.

The Assembly appreciated statements by the Deputy Ministers of Armenia, Georgia and Moldova outlining potential future projects, national priorities and key policy developments.

The next Assembly is scheduled to take place on 9 December 2016 at the EBRD in London.



(from left) Mr Vassilis Maragos, Assembly Chair, Head of Unit, EU, Ms Betsy Nelson, EBRD Vice President



The EU delegation (from left) Ms Simone Rave, Head of Sector, Ms Jurate Juodsnukyte, Sector Manager, Mr Walter Tretton, Counsellor



(from left) Mr Andrew Popelka, USAID, Ms Mirja Peterson, Sida, Mr Mikael Benthe, Sweden, Ms Zuzanna Kierzkowska, Poland

## Two new E5P grants power change in Lviv and Chernivtsi



Signing of the E5P Grant Agreement for Chernivtsi, 22 December 2015



Signing of the E5P Grant Agreement in Lviv, 29 January 2016

Following the Assembly's approval, the EBRD signed two E5P grant agreements for Chernivtsi district heating project on 22 December 2015 and for Lviv wastewater biogas plant on 29 January 2016.

The project in Chernivtsi in Western Ukraine will lead to an estimated 30% reduction in both gas use and CO<sub>2</sub> emissions. The €14 million project, jointly financed by E5P, EBRD and the Clean Technology Fund, involves switching the local utility from gas to biomass. The E5P grant component will finance individual

heating substations and will as such directly benefit the end users. Technical assistance will be financed by the Swedish International Development Cooperation Agency (Sida).

The second project, around 200 km to the north, aims to improve energy efficiency and wastewater treatment in the historic city of Lviv. The project will install a wastewater biogas power plant generating 39,600 mWh of power annually. This will lead to significant reductions in greenhouse gas emissions which are estimated at 128,600 tones of

CO<sub>2</sub> equivalent per year. The project will also install grit chambers and a chemical precipitation plant to reduce pollution in the Poltava river and ultimately in the Baltic Sea. The project will be financed by €20 million in loans from EBRD and NEFCO and a €7.5 million grant from E5P.

Both signing events were attended by the Ukrainian Ministries, high level local authorities and representatives of E5P contributors and IFIs.

## Overview of activities in the E5P Regional Fund



Signing of the EBRD Yerevan Street Lighting project on 20 October 2015 (from left) Mr Mark Davis, EBRD Director, Mr Anders Lund, E5P Manager, Mr Gagik Khachatryan, Minister of Finance of Armenia, Mr Taron Margaryan, Mayor of Yerevan



Press conference following the signing (second from right) Mr Hayk Harutyunyan, Deputy Minister of Energy and Natural Resources of Armenia

### Armenia

Armenia officially joined the E5P on 16 March 2015 by signing a €1 million contribution to the fund. The first Steering Group meeting in Yerevan to discuss the project pipeline was held in May 2015. It was preceded by an information seminar on financing opportunities offered through E5P. The Ministry of Energy and Natural Resources is the main counterpart for the E5P work in Armenia.

The first project was signed in October 2015 to support the modernisation of street lighting in capital city Yerevan. The project will remove the inefficient and environmentally hazardous mercury-based lights that are currently in use, and replace them with energy efficient LED lights. It will also introduce high-tech monitoring and control systems to improve the quality of lighting and reduce energy consumption. The initial investment will be extended to other parts of the capital and will serve as

a demonstration project for other cities in Armenia.

E5P has contributed a grant of €1.9 million to the project. The signing ceremony was attended by donor representatives from the Czech Republic, Denmark, Estonia, Germany, Poland and Sweden. In December 2015 the Assembly of Contributors approved two further grants worth €4 million to improve solid waste management in Armenia. Other proposals are currently under development.

### Georgia



One of the schools in Tbilisi damaged by earthquake

structural rehabilitation, including seismic retrofitting, of approximately 25 schools. The E5P grant will finance energy efficiency improvements such as insulation, upgrade of the heating systems, replacement of doors and windows and new lighting systems.

Georgia signed a €1 million contribution agreement to E5P in December 2014. Following an information seminar in March 2015 in Tbilisi, the first Steering Group meeting for Georgia was held in May 2015.

A grant of €6 million to rebuild earthquake-damaged schools in Tbilisi was approved by the E5P Assembly of Contributors in December 2015. The loan from the Council of Europe Development Bank will pay for the

### Moldova

Moldova joined E5P in October 2014 by signing a €1 million contribution agreement to the fund, which was subsequently ratified by the Parliament of Moldova in May 2015. Following the first Steering Group meeting in Chisinau in July 2015, the E5P Assembly has approved the first project for Moldova allocating €3 million grant to support the EBRD project for district heating rehabilitation in the city of Balti.

### European Union signs on the line

There was good news for E5P in December 2015 as the European Union signed three contribution agreements worth nearly €40 million to replenish the E5P regional fund.

Armenia and Georgia will receive €10.2 million each and €18.75m has been allocated for Moldova.

Based on these generous pledge, the pipeline of projects in these three countries can progress at pace. E5P's implementing agencies (EBRD, EIB, CEB, KfW, NEFCO and WB) are now consulting with the respective governments to prioritise the best projects.

E5P projects in Ukraine	Agency	Total cost € million	Loan € million	E5P grant € million	Status
1. Mykolaiev Vodokanal Rehabilitation	EIB	40	15.54	5.1	Implementing
2. Zhytomyr District Heating Rehabilitation	EBRD	16	10	5	Implementing
3. DemoUkraine Programme Phase 1 and 2	NEFCO	24.5	8	0.9	Implementing
4. Ternopil District Heating Rehabilitation	EBRD	16.1	10	5	Implementing
5. Zaporizhzhya Energy Efficiency Project	EBRD	9	6	2	To be re-approved
6. Lviv District Heating Rehabilitation	EBRD	31	21	10	Implementing
7. Energy Efficiency in Public Buildings (ESCOs)	EBRD	22.5	20	2.5	Implementing
8. EPC in Public Buildings, Kiev	NEFCO	9.3	5	1.5	Implementing – final phase
9. EE in Public Buildings, Zhytomyr	NEFCO	4.7	3	1.35	Implementing
10. Severodonetsk District Heating	NEFCO	6.9	4	2	Approved by Assembly
11. Lutsk District Heating	EBRD	14	10	4	Signed - to be implemented
12. Poltava District Heating	EBRD	29.5	15	5	To be re-approved
13. Ukraine Residential Energy Efficiency Financing Facility (UREEFF) – Investment and TC	EBRD	105	85	17.25	Approved by Assembly
14. Chernivtsi District Heating	EBRD	16	7	4	Signed – to be implemented
15. Lviv Wastewater Biogas	EBRD/ NEFCO	31.5	20	7.5	Signed – to be implemented
16. Chernivtsi Energy Efficiency in Public Buildings	NEFCO	9	5	3	Approved by Assembly
17. Ivano-Frankivsk Energy Efficiency in Public Buildings	NEFCO	8	5	2.4	Approved by Assembly
18. Nordic Energy Efficiency and Humanitarian Support Initiative – NIU programme	NEFCO	9	3.2	3	Approved by Assembly
19. Ukraine Higher Education	EIB	81	61	10	Approved by Assembly
<b>TOTAL</b>		<b>483</b>	<b>313.74</b>	<b>91.5</b>	

E5P projects – Regional	Agency	Total cost € million	Loan € million	E5P grant € million	Status
1. Armenia – Yerevan Street Lighting	EBRD	5.6	3.7	1.9	Signed – to be implemented
2. Armenia - Yerevan Solid Waste	EIB/EBRD	35	24.5	2	Approved by Assembly
3. Armenia – Kotayk Solid Waste	EBRD	4	2	2	Approved by Assembly
4. Georgia – Reconstruction of Schools in Tbilisi	CEB	22	14	6	Approved by Assembly
5. Moldova – Balti District Heating	EBRD	10	7	3	Approved by Assembly
<b>TOTAL</b>		<b>76.6</b>	<b>51.2</b>	<b>14.9</b>	

**READ MORE ABOUT E5P PROCUREMENT:**

- [http://www.nefco.org/sites/nefco.org/files/pdf-files/eoi - piu - if and chernivtsi.pdf](http://www.nefco.org/sites/nefco.org/files/pdf-files/eoi_-_piu_-_if_and_chernivtsi.pdf)
- <http://www.ebrd.com/work-with-us/procurement/p-pn-160128a.html>
- <http://www.ebrd.com/work-with-us/procurement/p-pn-141219a.html>
- <http://www.ebrd.com/work-with-us/procurement/p-pn-160105e.html>
- <http://www.ebrd.com/work-with-us/procurement/p-pn-150918a.html>

*The Eastern Europe Energy Efficiency and Environment Partnership (E5P) is a multi-donor fund established in 2010 to promote energy efficiency and environmental investments in the Eastern Partnership countries. The fund merges contributions from the European Union and a group of 19 nations which are used as grants to support municipal investment projects implemented by the CEB, EBRD, EIB, IFC, NIB, NEFCO, KfW and the World Bank.*

*The contributions pledged for Ukraine come to the total of EUR 110 million. Funds committed for Armenia, Georgia and Moldova are close to EUR 70 million. The European Union is the largest contributor to the E5P fund.*

E5P  
EBRD  
One Exchange Square  
London EC2A 2JN  
United Kingdom  
Tel: +44 20 7338 6000  
Fax: +44 20 7338 6848  
www.e5p.eu

