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USAID TO IMPROVE DELIVERY OF HEATING SERVICES TO UKRAINIAN CITIZENS

Municipal heating is a critical sub-sector of Ukraine's energy system. Over the years, limited financial and technical resources have led to deterioration of the systems – increased inefficiencies on both the supply and demand sides and substantial losses in the distribution network. At the same time, dramatic fuel price fluctuations and dependence on imports diminished the system's reliability, with significant social impacts and far-reaching economic consequences.

With the implementation of proper reforms, the Ukrainian municipal heating sector has the potential to generate cost savings of up to \$2 billion/year. Thus, with the country's economic survival and energy security at stake, the time may finally be right for heating sector reform.

To provide adequate and timely support to the heating sector, in February of 2009 USAID launched a three-year Municipal Heating Reform (MHR) Project, implemented by International Resources Group (IRG). The MHR Project will help Ukraine transform municipal heating into a financially viable, well-managed, and equitably regulated sector that delivers reliable, quality services at affordable prices to the population, public institutions, and local industries. Working closely with the National Government of Ukraine (GOU) and local governments, the MHR Project will strengthen the legal, regulatory, and institutional framework leading to the improvement of heating services, tariff regulations, and compliance with EU legislation in this sphere.

In order to enhance the capacity of municipalities to plan, manage, and fund the development of heating systems, the MHR Project will select 20 cities for implementation of pilot projects. These projects will include municipal energy assessments, development of municipal energy plans, specification of metering equipment, assistance to the municipalities in obtaining financing for energy efficiency projects, implementation of energy efficient technologies and methodologies, and monitoring the results of the projects. By facilitating the establishment of condominium and home-owner associations, the project will also focus on improving collective action in condominium management and increasing financial responsibility among homeowners.

Additionally, the MHR Project will launch a multi-faceted national information and outreach campaign to educate citizens and will increase public awareness and participation in MHR activities focused on energy efficiency. The campaign will target lower and middle income groups and highlight ways to improve the quality of utility services, reduce heating costs, and enhance the condition of common spaces through energy efficiency and home improvements. A specific focus of the campaign will be on youth education as the most effective method for creating sustainable change in the future. By engaging students in green schools and campuses, the MHR Project will provide information on how to reduce energy costs by 5 to 15 percent through no-cost, behavioral and operational changes initiated by students, teachers, and facilities staff working together. The MHR Project's public outreach activities will also explain to the public and executive authorities the benefits of proposed legislative changes, tariff reform, and measures being implemented to provide a social safety net.

The MHR Project's key partner is the Ministry of Housing and Communal Services. The implementation of individual project components will also require active engagement of the Ministry of Fuel and Energy, the Ministry of Finance, and the Ministry of Regional Development and Construction as well as the National Electricity Regulation Commission, the National Agency of Ukraine for Efficient Use of Energy Resources, and the Association of Ukrainian Cities.

IRG will work in collaboration with the Alliance to Save Energy, RTI International, Taylor-deJongh, and Ayrlic Partners from the U.S., EnEffect-Consult from Bulgaria, and Ukrainian partners – the Municipal Development Institute, Energy Efficient Cities of Ukraine, JurEnerg, and OptimEnerg.