€30 million EU grant boosts EIB support for district heating in Ukraine

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EIB

→ The €30 million EU grant dedicated to frontline communities complements €200 million in EIB financing for district heating projects across Ukraine.
→ The funding will help communities restore and upgrade district heating infrastructure, improve energy efficiency and introduce renewable energy solutions.
→ Municipalities can access the financing through Ukrgasbank, Oschadbank and Ukreximbank.

A new €30 million EU grant will help frontline municipalities restore and modernise district heating systems and secure reliable heat supply. Provided by the European Commission under the Ukraine Facility, the grant complements €200 million in financing that the European Investment Bank (EIB) has made available through three Ukrainian banks for municipal heating, energy-efficiency and renewable energy projects across Ukraine.

The agreements for the new EU grant support have been signed with Ukrgasbank (UGB) and Oschadbank today. Agreement with Ukreximbank will follow shortly. The grant builds on €200 million in EIB financing signed with the three banks in 2025 – €50 million each with UGB and Oschadbank and €100 million with Ukreximbank – and will help accelerate priority heating and energy investments across Ukraine.

Together, the EU grant and EIB financing support will help frontline communities repair, protect and upgrade district heating networks, develop decentralised heat generation and invest in cleaner, more efficient energy solutions. Projects can include small-scale heat and power plants, solar panels with battery storage, heat

pumps and thermal storage, as well as energy-efficiency improvements in public buildings.

These investments will help strengthen local energy security and maintain reliable heating through challenging winters, while reducing energy consumption and increasing renewable energy production.

Municipalities, communities, local enterprises and government authorities across Ukraine can develop projects and seek financing through UGB, Oschadbank and Ukreximbank.

EIB Vice-President Karl Nehammer said: "Reliable heating and energy are matters of survival for frontline communities in Ukraine due to systemic targeting of infrastructure by Russia and extreme winter conditions. This grant supports frontline communities by providing reliable heating for households and essential services and by enhancing their resilience in the face of ongoing challenges."

EU Ambassador to Ukraine Katarína Mathernová said: "Russia's continued attacks on Ukraine's energy infrastructure make strengthening the country's energy resilience more important than ever. This EU grant, made available through the Ukraine Facility, will complement EIB financing support communities restore critical heating infrastructure while making it more efficient, sustainable, and resilient. It is about rebuilding better and supporting Ukraine's long-term energy security."

Acting Chairperson of the Management Board of Ukrgasbank Rodion Morozov said: "For frontline communities, the issue of heating and energy resilience today is directly linked to people's safety and the ability of cities to continue normal life under war conditions. UGB's task is to make international financing as accessible as possible for specific local projects. Combining EIB funding with European Union grant support enables communities not only to restore damaged infrastructure, but also to modernize it - developing decentralized generation, improving energy efficiency, and implementing modern energy solutions. For us, this is a continuation of systematic work with international partners to transform their support into concrete projects and greater energy resilience for Ukrainian communities."

Chairman of the Management Board of Oschadbank Yurii Katsion emphasized: "Oschadbank has had a strategic partnership with the European Investment Bank for over 12 years, and we are grateful to the EIB and the European Union for their trust in the oldest state bank of Ukraine and the market leader in lending to municipalities. As of August 1, 2026, our market share in this segment exceeds 64%. And we are very well aware of how much frontline communities need support for the restoration and uninterrupted operation of critical infrastructure. The grant component of the Ukraine District Heating program will allow communities to significantly reduce such costs. For example, for heat supply projects, the grant can cover up to 50% of eligible costs. Which is an important factor for local authorities in the conditions of a war economy."

Background information

The EIB in Ukraine

Present in Ukraine since 2007, the EIB has stepped up its financial support for the country's resilience and modernisation since Russia's full-scale invasion of Ukraine in 2022. Since then, the EIB has provided €4.5 billion in financing. Through its EU for Ukraine (EU4U) Initiative, coupled with its key role in implementing a dedicated window under the Ukraine Facility, the EIB is strongly committed to stepping up and accelerating its activities in line with the mandate given by EU leaders and in close cooperation with the European Commission, the European Parliament, Member States and international partners.

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