

BMWK strengthens support for Ukraine in the energy sector

The BMWK is working closely with Ukraine on energy and energy-related issues within the framework of the German-Ukrainian Energy Partnership, which was established in 2020. Since the beginning of the war, cooperation has been significantly expanded, especially to support Ukraine in the emergency repair of its energy infrastructure to keep it in operation. Since October, Russian forces have intensified their targeted attacks on Ukraine's critical infrastructure.

The BMWK will contribute around EUR 100 million to the European Energy Community's "Ukraine Energy Support Fund" this year. On 14.12.22, the Budget Committee of the German Bundestag released the necessary funds from the supplementary budget for 2022. The BMWK contribution is being made in addition to the Foreign Office's contribution of EUR 30 million. KfW has been commissioned to implement the contribution.

In addition, BMWK is contributing EUR 40 million to a Single Donor Trust Fund of the World Bank to finance measures for the modernization and maintenance of the Ukrainian power transmission network. In particular, the fund will be used to finance system-stabilizing network resources for the Ukrainian transmission system operator Ukrenergo.

Finally, the BMWK will reinforce the GIZ project to support Ukraine in the energy sector with an additional EUR 20 million. This will be used to finance the procurement and supply of technical equipment as well as structural change measures in the coal regions of western Ukraine.

The measures will make an important contribution to the repair and modernization of the Ukrainian energy infrastructure and to maintaining the energy supply.

Ukraine Energy Support Fund

The **European Energy Community (EnCom)** is an international organization based in Vienna. The contracting parties are the EU and neighboring countries in Eastern Europe (Balkan countries, Georgia, Moldova and Ukraine). The main objective of EnCom is to extend the EU energy market and its rules to EU neighboring countries. The executive body of the organization is the Secretariat of the European Energy Community.

The EnCom Secretariat has established the **Ukraine Energy Support Fund** to finance Ukraine's needs for energy carriers and technical goods of the energy infrastructure. It acts as the trustee of the EnCom-Ukraine Fund to the Ukrainian Ministry of Energy as the beneficiary.

The implementation period of the project is 28 months.

The project start date is **December 15, 2022**. For the BMWK participation in the EnCom Ukraine Fund, KfW concludes a contract on behalf of the BMWK with EnCom, which in turn concludes a contract with the Ukrainian Ministry of Energy.

► Eligibility

Resources from the fund are available **to private and state-owned Ukrainian energy companies** selected by the Ukrainian Ministry of Energy. The selection process is subject to the usual KfW sustainability and compliance requirements.

► Selection of services to be financed

In order to receive financing from the EnCom- Ukraine fund, the energy companies submit an application for financing of a service (e.g. delivery of natural gas or spare parts). The Ukrainian Ministry of Energy then examines whether the service is eligible and assesses the need (factual necessity, urgency, financial situation).

The Ministry of Energy is assisted by a consulting and engineering firm.

The EnCom Secretariat reviews the decision of the Ministry of Energy along the approval criteria. If the EnCom Secretariat confirms the decision of the Ministry of Energy, **the services to be financed are put out to tender**. The EnCom Secretariat pays the fee for the specific contractual service directly to the awarded company that supplies the required goods. The consulting and engineering company verifies the fulfillment of the contract on site in Ukraine.

► Eligible services

- Purchase of equipment, spare parts and other technical goods necessary for energy supply
- purchase of fuels, electricity and heat
- Incidental costs, e.g. transport, procurement and fees.

Single Donor Trust Fund of the World Bank

The BMWK will contribute EUR 40 million to a World Bank Single Donor Trust Fund to finance the "**Ukraine Second Power Transmission Project**". The BMWK funds will be used to finance measures for the modernization and maintenance of the Ukrainian power transmission grid. In particular, the fund will be used to finance system-stabilizing network operating resources for the Ukrainian transmission system operator Ukrenergo.

The Ukrainian power grid has been connected to the European power transmission grid since 16.03.2022 as part of an emergency synchronization. System-stabilizing grid resources are a prerequisite for Ukraine to be able to export electricity to the EU countries on a larger scale in the medium term. In the future, the export of electricity can become an important source of income for Ukraine and promote the expansion of renewable energies in the country.

GIZ project for support of Ukrainian energy sector

The BMWK will strengthen the GIZ project to support Ukraine in the energy sector with an additional **EUR 20 million**. So far, the GIZ project has had a volume of 60 million euros.

The project originally served exclusively to support structural change in the Ukrainian coal regions. Among other things, it envisages the establishment of a structural change fund and the promotion of local structural change in two pilot regions in the west and east of Ukraine.

After the start of the war, the project was also used to provide **emergency aid for the Ukrainian energy infrastructure**. For this purpose, GIZ acquires technical goods on behalf of the BMWK and delivers them to Ukraine. The funds for these procurements have now been significantly increased once again.

Furthermore, the increase serves to finance additional **structural transformation measures in a pilot region** in the west of Ukraine, the city of Chervonohrad in the Lviv oblast.

On behalf of the BMWK and in cooperation with the German business community (especially the associations BDEW and VKU), GIZ is also organizing **a donation campaign** for Ukraine in the energy sector. German companies have already donated around 2,300 emergency supplies (including transformers, generators, tools, cables, fuses), which were transported to Ukraine by GIZ in cooperation with an Ukrainian NGO.

Companies interested in participating can contact GIZ via the e-mail address

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