# KfW partnership with the Ukrainian energy grid operator Ukrenergo

As of: September 2026

## Repair, energy efficient reconstruction, EU integration and protection of Ukrainian electricity grid

| | |
|---|---|
| **Partner** | Ukrenergo |
| **Description** | The cooperation with Ukrenergo covers the repair, protection and energy-efficient reconstruction of the energy infrastructure damaged by the Russian war of aggression, as well as its integration into the EU transmission network. This increases the security of energy supply for the Ukrainian population and economy. |
| **Sell-to** | Federal Ministry for Economic Cooperation and Development (BMZ), European Union (EU) |
| **project volume** | BMZ approx. EUR 260 million<br>EU approx. EUR 127 million<br>KfW approx. EUR 74 million<br>Total approx. EUR 461 million |

### Background

Since the start of Russia's war of aggression against Ukraine in 2022, the Ukrainian energy infrastructure has been a deliberate target of military attacks. As the war has progressed, the attacks have further intensified. According to estimates, more than 50% of the electricity generation capacity and 50% of the substations have been destroyed. As a result, millions of households are increasingly affected by power cuts. Particularly in view of the winter, this represents a major challenge for the population, the provision of basic services and for the Ukrainian economy, especially since heating systems are dependent on electricity supply.

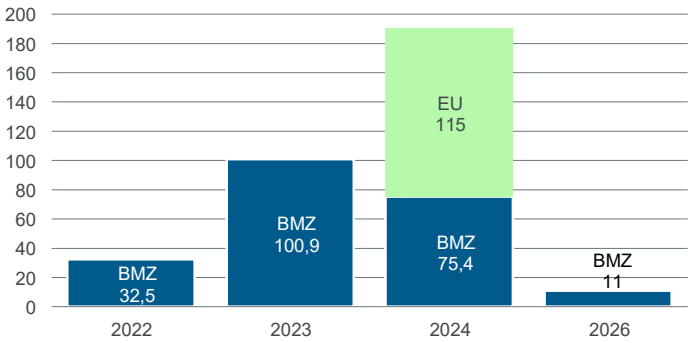
An additional challenge is that Ukraine's electricity transmission system is outdated and in poor condition and that energy efficiency is low. The network needs to align with European standards and become more energy efficient, not least to enable sustainable interconnectivity and energy exchange with the EU.

### Cooperation with Ukrenergo

KfW has been cooperating with the state-owned Ukrainian energy grid operator Ukrenergo since 2006. Since the start of the Russian full-scale war, the cooperation with Ukrenergo has been significantly intensified, with the aim of creating the foundations for the functioning of critical infrastructures and services as a prerequisite for social care and economic activity, thereby strengthening the country's resilience.

Ukrenergo is the main operators of the energy grid system in Ukraine and is the sole operator of high voltage lines. According to Ukrenergo, 70 mobile teams and about 1,500 specialists are on duty to repair transmission network damage as quickly as possible after attacks to maintain the power supply despite the ongoing Russian attacks.

**Volume of contracts concluded between KfW and Ukrenergo on behalf of BMZ and the EU since the beginning of the war in 2022**



## Approaches

KfW's current portfolio with Ukrenergo amounts to around EUR 461 million. Since the start of the war in 2022, KfW has concluded contracts with Ukrenergo for around EUR 220 million on behalf of the Federal Government (represented by BMZ) and EUR 115 million on behalf of the EU.

The portfolio addresses both short-term needs directly resulting from the war as well as medium- and long-term objectives:

- **Short-term repair and maintenance as well as protection:** Urgently needed goods and component parts are procured for the short-term repair of relevant energy infrastructure components that have been damaged, such as transformers (see picture). In addition, selected energy infrastructure components are physically protected against attacks. This applies in particular to auto transformers which are essential for operation, since these are very complex and difficult to procure and their repair and replacement is particularly time-consuming and cost-intensive. At the first level of protection, the auto transformers are protected using gabions, while the second level of protection comprises the construction of concrete enclosures. This is financed in cooperation with other multilateral development banks.

- **Energy-efficient reconstruction and new construction measures:** Destroyed or outdated substations and transmission lines will be rebuilt according to modern standards and following the "Build Back Better" approach on the territory currently under the control of the Ukrainian government.

- **Integration into the EU energy network:** In Western Ukraine, substations and transmission lines are rebuilt to EU standards. The country is a member of the European Energy Community and strives for the permanent synchronization of its transmission network with the European interconnected grid CESA.



Employees of Ukrenergo in front of a transformer hit by a drone in central Ukraine. Image source: KfW Bildarchiv / Jonas Wresch.

Given the current situation, the programme has been designed with an open approach. This not only enables Ukrenergo to select investment and procurement measures according to the greatest needs and systemic relevance as well as the chance for rapid implementation but also allows for flexibility that is of crucial importance given the constantly changing and increasing challenges and needs. In this regard, Ukrenergo is supported by an international team of consultants in order to implement the measures approved by KfW as quickly as possible.

## Results of the cooperation

The cooperation with Ukrenergo has helped to keep the power supply largely operational during the winter months through repair and reconstruction measures. The energy-efficient approach ensures that the limited energy supply can be used with lower losses due to efficient substations and transmission lines. This allowed people in Ukraine to heat their homes, and businesses to continue production.

With the current support, Ukrenergo was able to restore 37 substations and protect 84 substations through physical security measures. In addition, it was also possible to procure a large number of larger critical components, such as 36 auto-transformers. Transformers are important for improving national grid integration. This makes it possible to supply consumers with energy from remote power generation even when local critical power infrastructure comes under massive attacks. As a result, the electricity supply for around 3 million households is secured.

In addition, 206 km of overhead transmission lines are being built or upgraded, including across the border with the EU. Thereby, around 3.3 million households benefit from a more stable energy supply.

**Publisher**
**KfW Group**
**Development Bank**
Palmengartenstrasse 5–9
60325 Frankfurt / Main, Germany

Phone +49 69 7431-3064
Almut.Ahlers@kfw.de
www.kfw-entwicklungsbank.de

Further information on KfW’s involvement in Ukraine:
For more resilience | KfW Development Bank