KfW partnership with the “Ukraine Energy Support Fund” (UESF)

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Multi-donor approach for financing short-term repairs and the provision of spare parts, as well as promotion of decentralized resilient energy supply

Partner	Ukraine Energy Support Fund (UESF), managed by the Energy Community Secretariat
Description	Short-term restoration and operation of the Ukrainian energy infrastructure, as well as the promotion of renewable energy projects to ensure a more stable energy supply for the Ukrainian people.
Donor	Federal Ministry for Economic Affairs and Energy (BMWE)
Project volume	Total volume: approx. EUR 2.41b KfW share on behalf of BMWE: approx. EUR 641m

Background

Since the beginning of the full-scale Russian invasion in 2022, the Ukrainian energy infrastructure has been subject to numerous attacks or waves of attacks. Most recently, the energy grid, power plants, and gas infrastructure have been particularly affected. Estimates suggest that over 50% of electricity generation capacity has been destroyed compared to pre-war levels. Despite various successful efforts to stabilize the electricity system, the severe damage to the energy infrastructure and the resulting electricity deficits remain a serious problem, posing significant challenges for the country, especially during the winter months.



Energy facility after Russian attack in winter 2025/26 /Photo: Ministry of Energy of Ukraine)

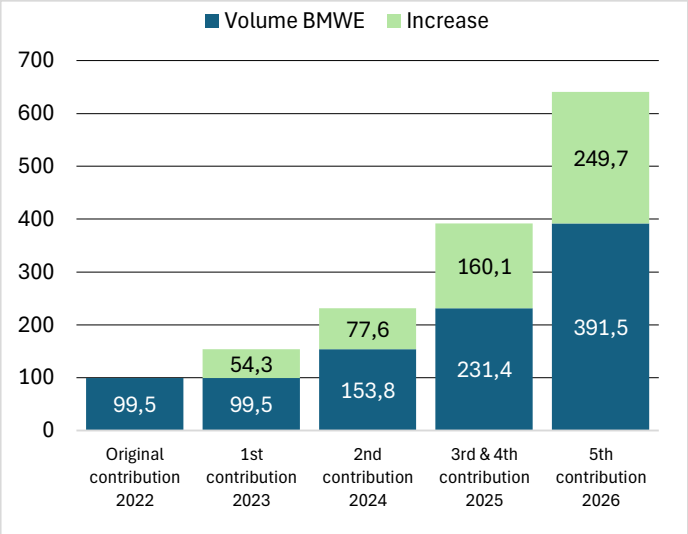
The priorities of the Ukrainian government to strengthen the resilience of the energy sector include both the repair of damaged facilities and grid infrastructure, and increased resilience to attacks by establishing decentralized generation capacities.

Cooperation with the UESF

To counteract the effects of the Russian attacks on Ukraine's energy infrastructure, the Ukraine Energy Support Fund (UESF), which is managed by the Energy Community Secretariat (“Secretariat”), was established in 2022. The fund enables governments, international financial institutions and organizations, and private donors to provide financial support for the stabilization of the Ukrainian energy sector through a multi-donor basket fund. The funds are intended to address the most urgent needs of Ukrainian energy companies, thereby supporting the repair of infrastructure and upholding energy and heating supply in Ukraine.

By now, the UESF has received commitments totaling approximately EUR 2.41 billion, from 25 donor countries, the EU, and private donors. The Federal Republic of Germany (through the Federal Ministry for Economic Affairs and Energy (BMWE) and the German Federal Foreign Office) is the largest donor, with committed funds amounting to 807 million EUR, representing about 33% of the total volume. The BMWE funds (641 million EUR) are contributed to the UESF by KfW. Thus, KfW acts as the coordinator between the BMWE and the Secretariat. In this role, KfW has significantly contributed to the development of key focus areas within the UESF, such as the inclusion of decentralized energy in its scope of work.

Since 2022, BMWE funds have been repeatedly topped up to address the ongoing high demand for financial support to ensure stable energy supply in Ukraine.



Volume of funds contributed by the BMWE to the UESF through KfW, by financing stages in million EUR

Approaches of the BMWE/KfW contribution

Short-term repairs and provision of spare parts
One of the focus areas of the UESF is the financing of urgently needed technical equipment that is central to the short-term repair and maintenance of damaged energy infrastructure, thereby ensuring long-term energy and heating provision for the population. The financed equipment includes, among others, transformers, turbines, special purpose vehicles, switchgear, and technical items such as cables or sensors.

Provision of decentralized energy
Another focus is the expansion and provision of decentralized energy. These projects are designed to provide generation capacities that are flexible and can be made available relatively quickly to respond to damage to the energy infrastructure and to stabilize the electricity supply. Additionally, decentralized energy supply strengthens resilience against future attacks on the energy infrastructure, as it is more difficult to target compared to large power plants.

Renewable energies
The repair of renewable energies is another focus area of the UESF. Facilities for the generation of wind and hydropower, as well as for solar energy, which were damaged as a result of Russian attacks, are rebuilt, thus ensuring and in the long-term expanding sustainable energy supply. Furthermore, renewable energies are a key component in advancing the decentralization of energy supply.

Diversity of the energy companies benefitting from the UESF
Almost 30 private and public companies across Ukraine benefit from the KfW contribution to the UESF. These companies are active in the subsectors of generation, distribution, transmission, and storage of energy and heat. Large projects of national significance as well as small regional and decentralized projects are supported, allowing energy companies to remain economically viable despite the war situation. The ability to respond quickly and effectively to the diverse demands of the energy sector underscores the central importance of the UESF in ensuring energy supply in Ukraine.



Equipment procured under UESF and financed by BMWE via KfW (Photo: Ministry of Energy of Ukraine)

Results of the cooperation

Being able to uphold energy and heating supply is of crucial importance for a country at war. This provides the basis for keeping critical infrastructure and services functional, is a precondition for economic activities and contributes to meeting the basic needs of the people of Ukraine. With its comprehensive approach, which covers important needs in the short term and makes the energy supply more resilient and sustainable in the long term, the UESF is making a decisive contribution to this.
The last years of war have shown that resilient energy supply is of great importance, especially during the winter months, as Russia has repeatedly targeted energy infrastructure. In addition to the resilient reconstruction of Ukraine's energy infrastructure, the creation of an emergency reserve is therefore also a priority.

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