

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

Date: February 2026

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 1,65 billion KfW share on behalf of BMWE: approx. EUR 391 million

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.

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

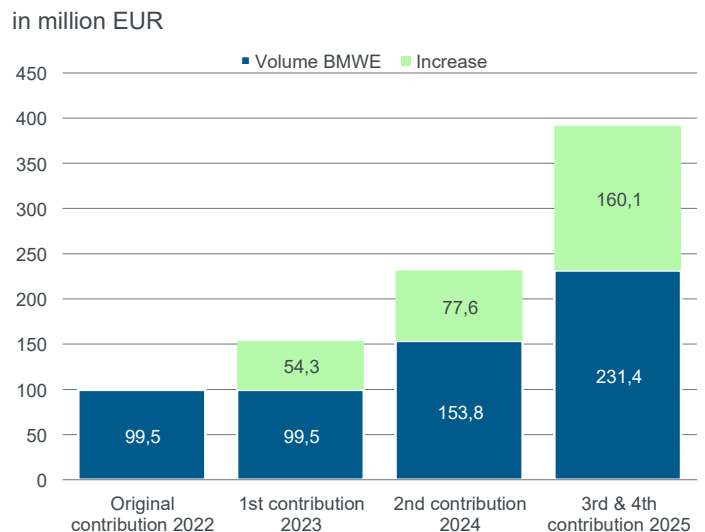
To counteract the effects of the Russian attacks on Ukraine's energy infrastructure, the Ukraine Energy Support Fund (UESF), which is managed by the Energy Community Secretariat (“Secretariat”), was established in 2022. The fund enables governments, international financial institutions and organizations, 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 1.65 billion EUR, from 23 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 557 million EUR, representing about 34% of the total volume. The BMWE funds (391 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



Approaches of the 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

More than 25 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.



A transformer while being transported. Source: Mykyta Mozharovskyi / DTEK LLC

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.

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<https://www.kfw-entwicklungsbank.de/Über-uns/Ukraine/>