

IN SHORT

Public version of 2023 Annual Report.

Ukraine Energy Support Fund

2023 ANNUAL REPORT

Reporting Period:
01.01.2023 – 31.12.2023



00

Executive Summary

The Ukraine Energy Support Fund experienced substantial growth in 2023, with its resources more than doubling by EUR 211 million. This influx of **financial contributions** from 17 different donors boosted the Fund's total balance to EUR 349,508,332 by the close of the year. Since the Fund's establishment in 2022, it has attracted contributions from 20 donors in total from both the public and private sector. Germany led in contributions, with significant further support from the European Union, the United Kingdom, the United States, and Sweden.

The reporting period saw the Ministry of Energy of Ukraine approve 57 **support requests** from Ukrainian energy companies, a notable increase from the 10 requests approved in 2022. These requests came from a diverse range of 44 Ukrainian counterparties in total. The sectors most frequently requesting support were electricity distribution and combined heat and power generation, each represented by 14 Ukrainian counterparties, followed by eight companies active in gas distribution.

The **procurement** activities also significantly accelerated during 2023, with the total value of items contracted reaching EUR 128.6 million, a substantial rise from EUR 0.5 million in 2022. This brought the total contracted value to EUR

129.0 million. Of this amount, EUR 50.9 million have already been disbursed, with another EUR 78.2 million set aside for future disbursements once the relevant payment milestones are reached.

The support in the amount of EUR 128.6 million was **contracted** through 174 purchase agreements, compared to 13 agreements in 2022. They resulted in 231 individual payment transactions, compared to two transactions in 2022. These agreements benefited 38 different Ukrainian counterparties mostly active in combined heat and power generation (13) and electricity distribution (12), active in 15 regions and nationwide. The majority of the procured equipment consisted of transformers, special purpose vehicles, switchgear, and steam turbines.

The majority of the procured items, representing 70% of the total value, were **sourced** from Ukraine, 28.9% came from suppliers based in the EU.

Overall, the first annual report of the Ukraine Energy Support Fund demonstrates a year of significant progress and lays a strong foundation for the ongoing assistance to the Ukrainian energy sector amidst ongoing and ever-increasing attacks.



Artur Lorkowski
Director



Dirk Buschle
Deputy Director

01 Introduction

This first annual report outlines the operational and financial performance of the Fund for its first complete year, 2023. The Ukraine Energy Support Fund was inaugurated in April 2022 with the support of the European Commission and the Ministry of Energy of Ukraine.

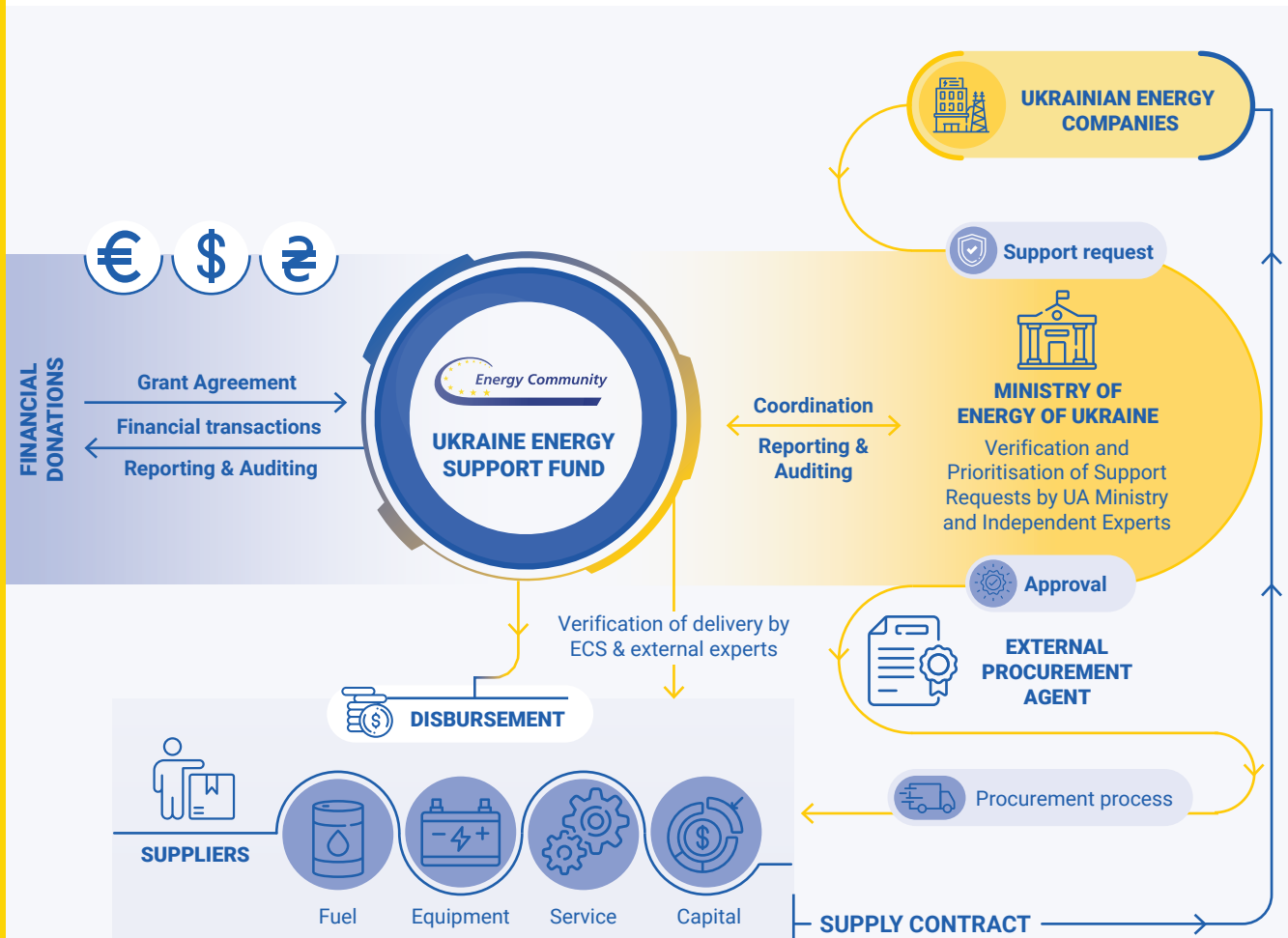
This initiative aims to mitigate the impact of Russian attacks on Ukraine's vital energy infrastructure. It provides a mechanism for governments, international financial institutions, international organizations, and corporate donors to offer financial aid for the repair and operational continuity of the Ukrainian energy sector.

Funds contributed are allocated towards addressing the critical needs of Ukrainian energy companies. This includes the procurement of equipment, spare parts, and other technical resources, alongside fuels and services essential for the

restoration of infrastructure and the sustained provision of power and heating across Ukraine.

The management of the Fund is entrusted to the Energy Community Secretariat, the independent executive body of the Energy Community, headquartered in Vienna, Austria. The EU4Energy project provides funding for additional staff for the Secretariat to discharge of its obligations as fiduciary in a professional manner. The USAID-funded Energy Security Project contributes to the Fund operations by providing the procurement agent services of Tetra Tech.

FIGURE 1
Process flows of the Ukraine Energy Support Fund



Status of Contributions



During the reporting period, the Fund received grants totalling EUR 211,240,205 from 17 donors. These donors included a diverse mix of government entities, international organizations, and private companies. The contributors were:

1. Foreign, Commonwealth and Development Office of the United Kingdom and Northern Ireland;
2. Federal Foreign Office on behalf of the Federal Republic of Germany;
3. KfW on behalf of the Federal Ministry of Economic Affairs and Climate Action, Germany;
4. Ministry for the Ecological Transition and the Demographic Challenge of Spain;
5. European Union;
6. Ministry of Foreign Affairs of Iceland;
7. LeasePlan Corporation N.V., private;
8. Windpark Krammer B.V., private;
9. Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology on behalf of the Republic of Austria;
10. Sweden, represented by Sida;
11. [Confidential: private company];
12. United States of America, acting through USAID;
13. Parliament of Rioja, Spain;
14. Ministry of Foreign Affairs, Denmark;
15. Kingdom of Belgium;
16. Swiss Confederation, represented by SECO;
17. Ministry of Foreign Affairs of the Republic of Estonia.



These contributions were deposited on the special purpose account, bringing the total funds received to EUR 347,008,195 from an overall 20 donors since the Fund's inception in 2022. Including interest earned and after deducting banking fees, the total amount in the Fund stood at EUR 349,508,332 by the end of 2023.

During the reporting period, Germany was the top contributor with two significant donations: EUR 54.3 million from KfW on behalf of the Federal Ministry of Economic Affairs and Climate Action, and EUR 34.2 million from the Federal Foreign Office. Sweden followed with a donation of approximately EUR 25.3 million,

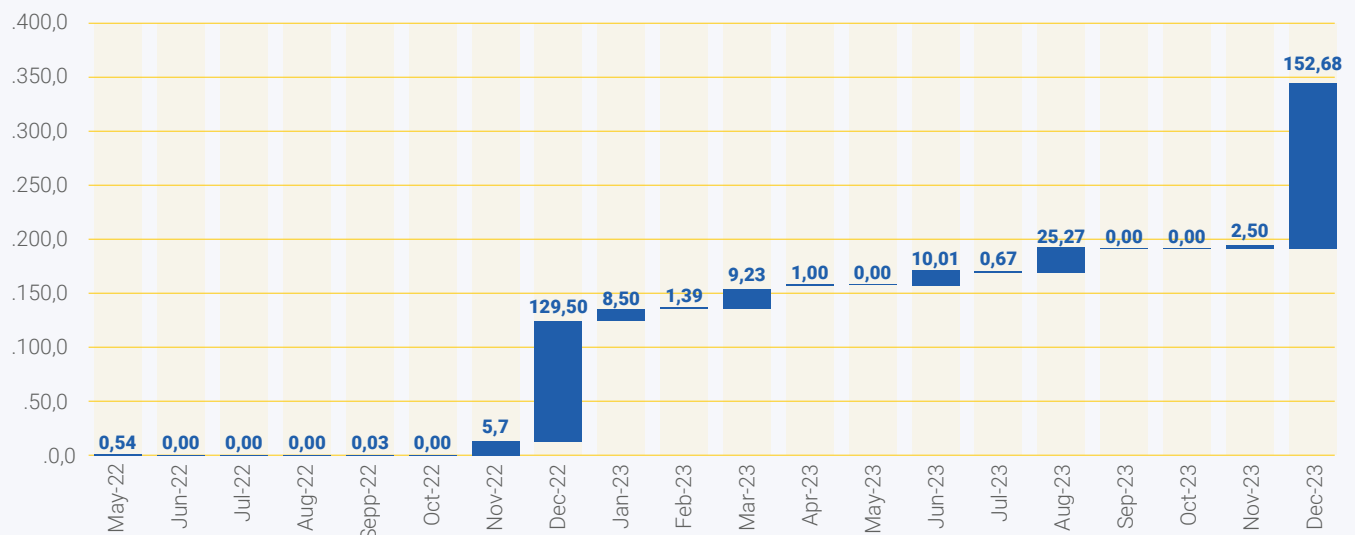
while USAID from the United States contributed approximately EUR 23 million.

Furthermore, the European Union had pledged an additional EUR 58 million to the Fund; the formal agreements and actual fund transfers have been completed since.

The grants received during the reporting period represent about 61% of the total funds contributed since the Fund's inception. This significant increase in funding is due to new donors, making their first contributions in 2023, and existing donors from 2022 increasing their financial support.

FIGURE 2

Accumulation of grants since the establishment of the Fund, EUR mln



The majority of contributions in the reporting period were credited to the account in December 2023 after the need for and availability of additional funds was identified mid-2023.

By the end of the reporting period, the number of donors contributing to the Fund increased from six in 2022 to a total of 20. Among these, five donors:

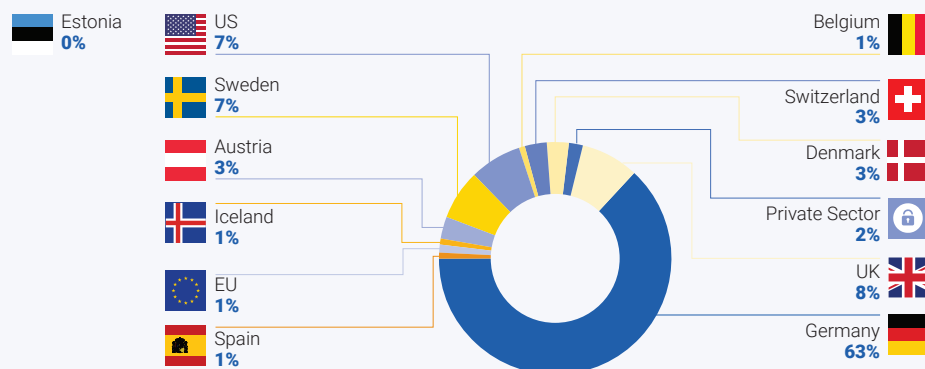
- the Foreign, Commonwealth and Development Office of the United Kingdom and Northern Ireland;
- the Federal Foreign Office on behalf of the Federal Republic of Germany;

- KfW on behalf of the Federal Ministry of Economic Affairs and Climate Action;
- the European Union;
- and the Ministry of Foreign Affairs of Iceland

have made multiple contributions. This recurring support underscores their continued confidence in the Fund's mission and operations.

TABLE 1*Overview of pledges and contributions to the Fund as of 31.12.2023, in EUR*

Donor	Pledged	Credited to Fund Account
Public sector:	397,870,196	339,870,196
Germany (through FFO and KfW)	218,000,000	218,000,000
European Union (through European Commission)	63,000,000	5,000,000
United Kingdom (through FCDO)	27,452,825	27,452,825
Sweden (through Sida)	25,270,074	25,270,074
United States (through USAID)	22,984,279	22,984,279
Denmark (through Danish Energy Agency and MFA)	11,517,888	11,517,888
Swiss Confederation (through SECO)	10,536,288	10,536,288
Austria (through BMK)	10,000,000	10,000,00
Spain (through Ministry of Environment and Parliament of Rioja)	4,506,000	4,506,000
Belgium	2,500,000	2,500,000
Iceland (through Ministry for Foreign Affairs)	2,052,842	2,052,842
Estonia (through MFA)	50,000	50,000
Private sector:	7,138,000	7,138,000
Energy Regulators Regional Association (ERRA)	25,000	25,000
REKK Limited Liability Company	3,000	3,000
LeasePlan Corporation N.V.	50,000	50,000
Windpark Krammer B.V.	60,000	60,000
[Confidential: private company]	7,000,000	7,000,000
TOTAL	405,008,196	347,008,196

FIGURE 3*Share of contribution by donor in total contributions credited to the Fund, in %*

Status of Implementation



a. Support Requests

During the reporting period, the Ministry of Energy of Ukraine approved and submitted 57 support requests (at an estimated value of approx. EUR 200 mln) for reservation of funds and procurement through the Fund, a significant increase from the 10 support requests approved in 2022. Notably, more than

half of the requests during the reporting period were approved in January 2023, corresponding to the substantial influx of contributions to the Fund at the end of 2022. Additional requests were approved during early summer of 2023. A further significant batch of support requests was approved in the autumn/winter of 2023, indicating a steady demand throughout the year.

FIGURE 4

Accumulation of number of approved support requests since the establishment of the Fund

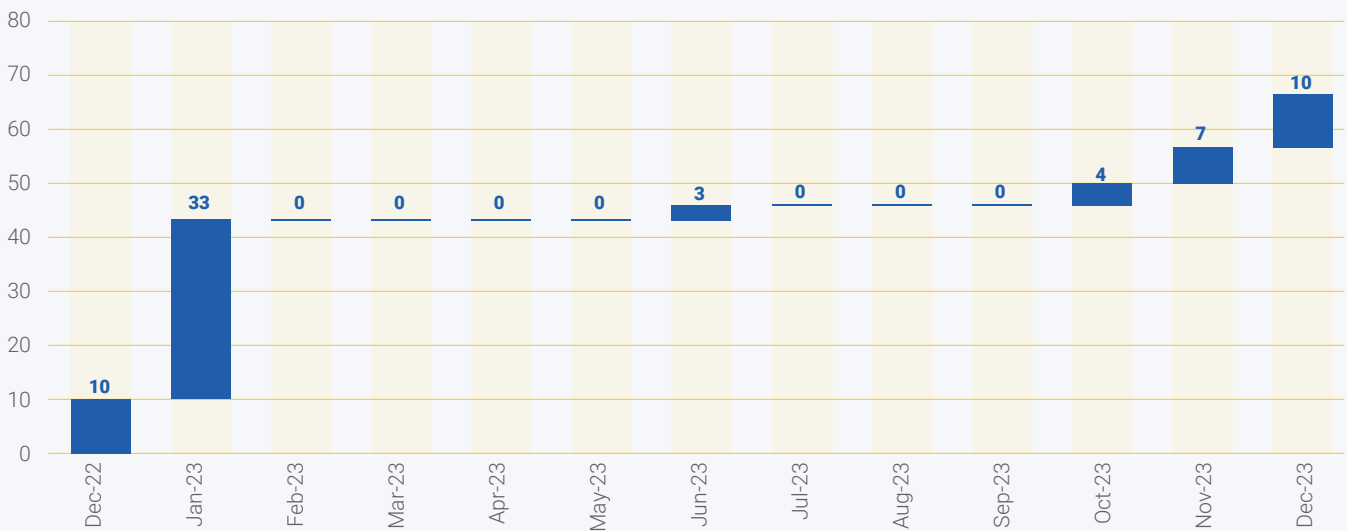
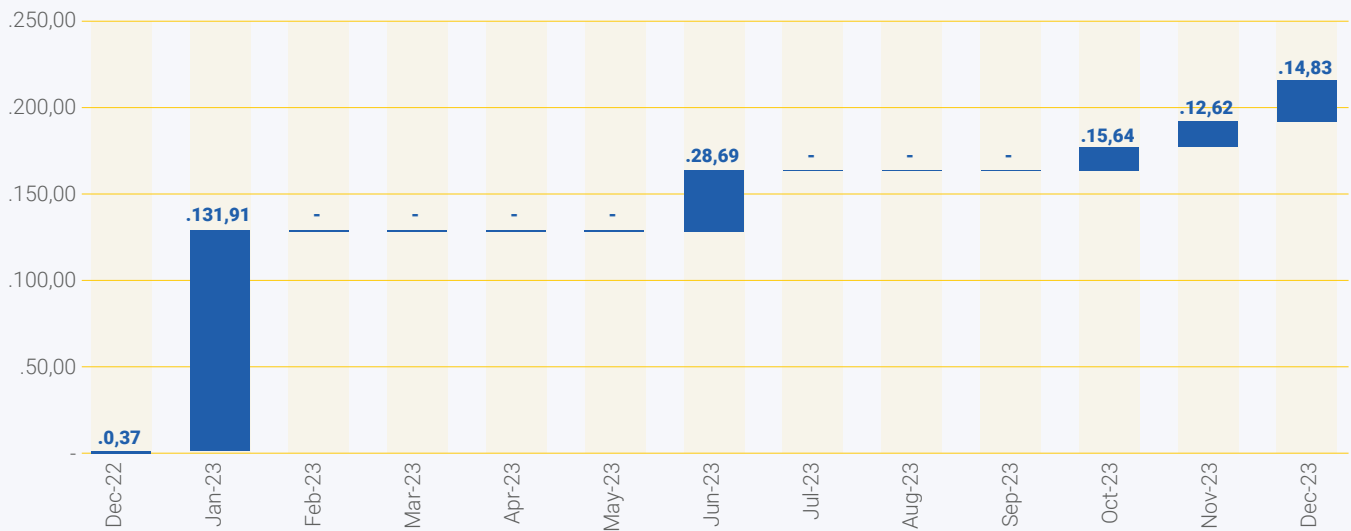


FIGURE 5**Accumulation of value of approved support requests since the establishment of the Fund, EUR mln**

The support requests processed for procurement under the Fund originated from a total of 44 different Ukrainian counterparties from the country's energy sector: ten in 2022 and an additional 34 in 2023. 16 Ukrainian counterparties submitted multiple support requests. During the reporting period, the Fund approved support requests from 37 different Ukrainian counterparties, showcasing a broad and growing engagement across the country.

The majority of Ukrainian counterparties that requested and receive support through the Fund are primarily involved in electricity distribution and combined heat and power generation, with 14 Ukrainian counterparties representing each of the two sectors. This is followed by eight Ukrainian counterparties in the gas distribution sector. Additional sectors receiving support include electricity generation, electricity transmission, gas transmission, gas storage, renewable energy sources (RES), and mining. Among the Ukrainian counterparties, 26 are publicly owned, while 18 are privately held companies.

b. Purchase Agreements

During the reporting period, the Fund contracted items totalling EUR 128.6 million in value, a significant increase from the EUR 0.5 million contracted in 2022. This brings the cumulative value of contracts to EUR 129 million. Of this amount, EUR 50.9 million have been disbursed, with the remaining EUR 78.2 million earmarked for future disbursements upon reaching the payment milestones specified in the respective purchase agreements.

The procurement activities have led to the finalization of 174 purchase agreements in the reporting period, a substantial rise from the 13 agreements in 2022.

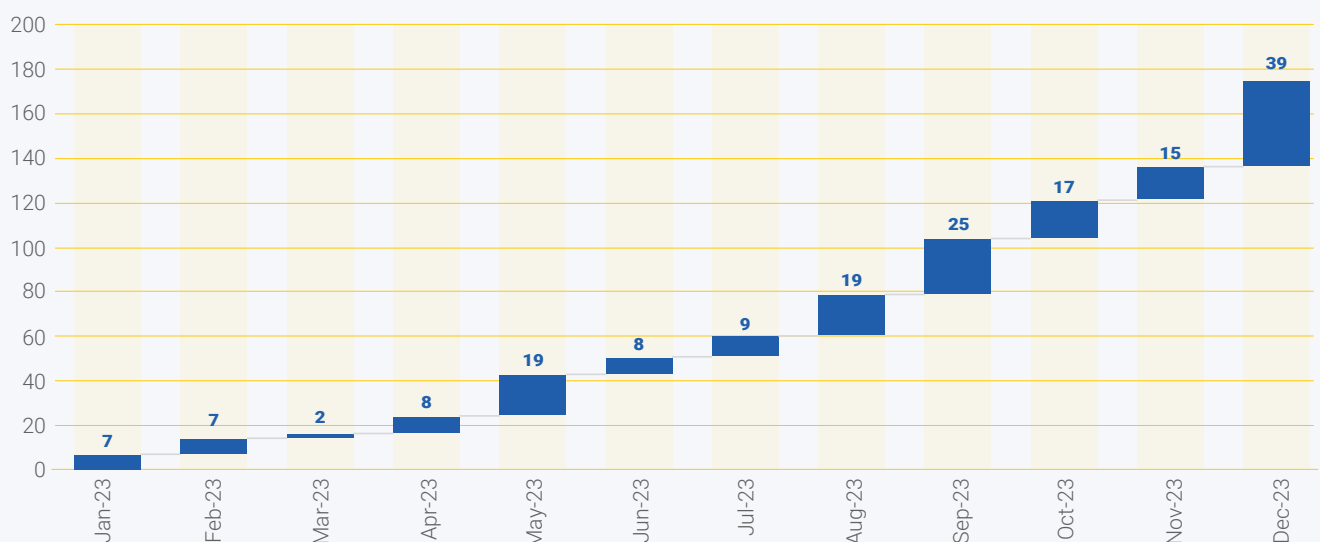
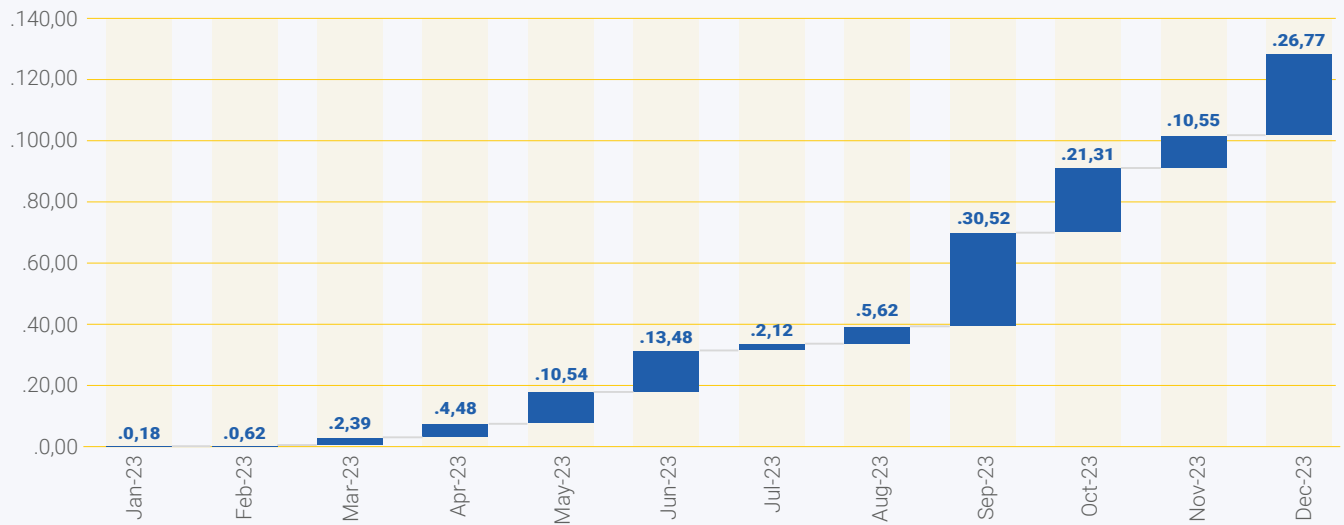
FIGURE 6**Accumulation of number of purchase agreements concluded in the reporting period**

FIGURE 7

Accumulation of value of purchase agreements concluded in the reporting period, EUR mln



The purchase agreements finalized during 2023 benefited 38 different Ukrainian counterparties across various sectors. The majority of these operate in combined heat and power generation (13 companies), electricity distribution (12 companies), and

gas distribution (6 companies). Out of these beneficiaries, 23 are publicly owned, while 15 are privately held. These purchase agreements extended support across 15 different regions of Ukraine, including nationwide activities.

FIGURE 8

Activity of Ukrainian counterparties benefitting from purchase agreements concluded in the reporting period, in % on the basis of the number of benefitting Ukrainian counterparties

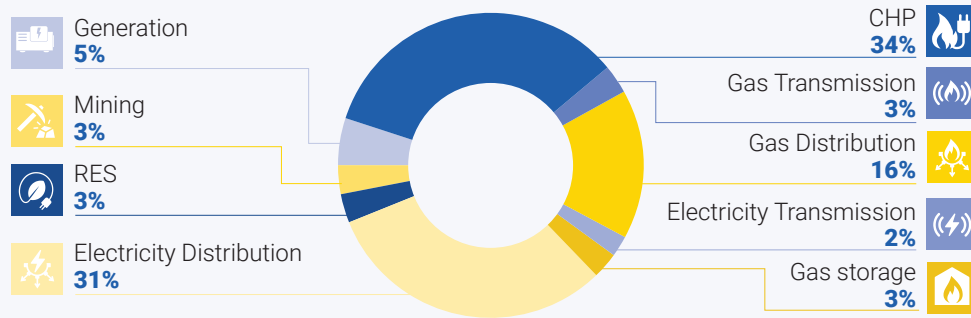


FIGURE 9

Activity of Ukrainian counterparties benefitting from purchase agreements concluded in the reporting period, in % on the basis of the number of purchase agreements concluded

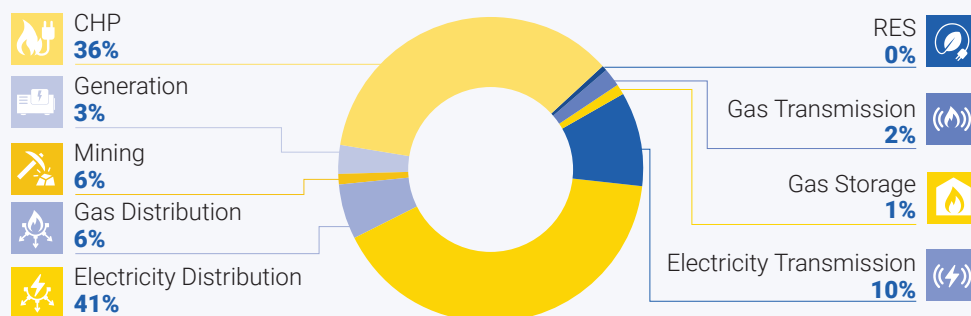
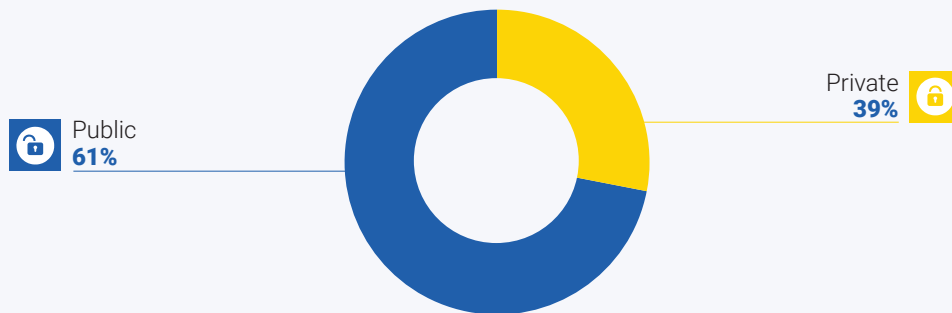


FIGURE 10

Public or private ownership of Ukrainian counterparties benefitting from purchase agreements concluded in the reporting period, in % on the basis of the number of benefitting Ukrainian counterparties as well as on the basis of the number of purchase agreements concluded

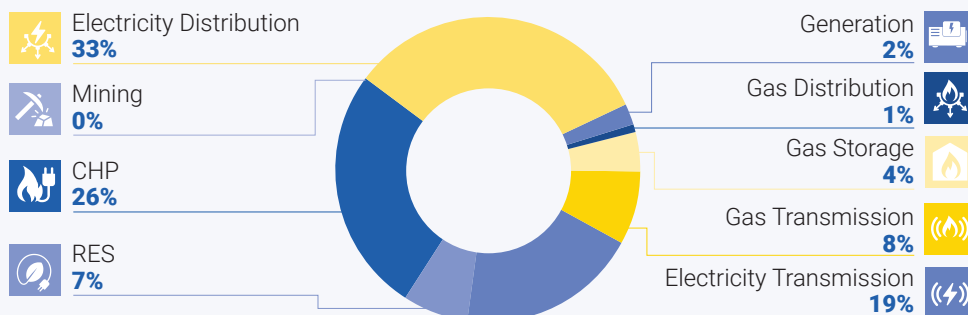


As regards the monetary value of the procured items, the sectors that benefitted most were electricity distribution (33% of the total procurement value), combined heat and power

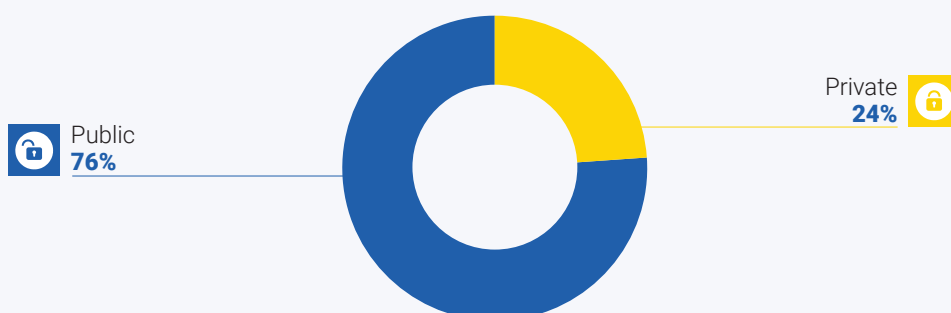
generation (26%), and electricity transmission (19%). In terms of procurement value, public companies received 76% of the benefits, with the remaining 24% going to private companies.

FIGURE 11

Activity of Ukrainian counterparties benefitting from purchase agreements concluded in the reporting period, in % on the basis of the value of the items procured

**FIGURE 12**

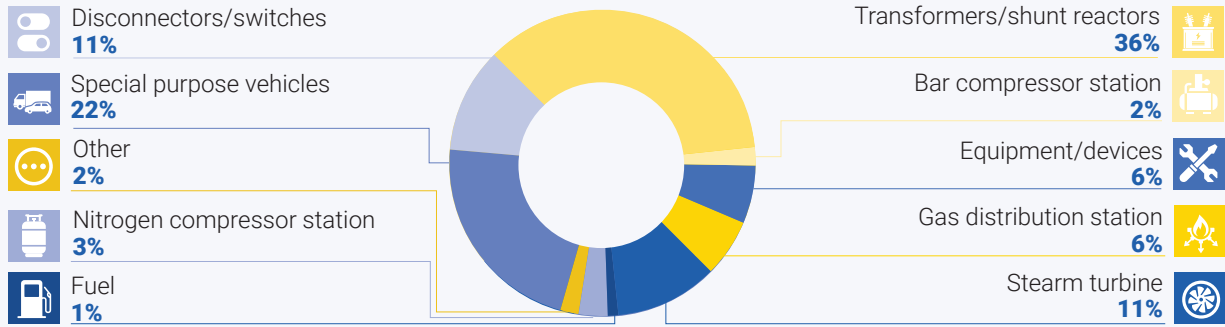
Public or private ownership of Ukrainian counterparties benefitting from purchase agreements concluded in the reporting period, in % on the basis of the value of the items procured



The primary focus of the purchase agreements concluded during the reporting period was on transformers (36% of the total procurement value), special purpose vehicles (22%), high

voltage electric switchgear such as disconnectors and switches (11%), and steam turbines (11%).

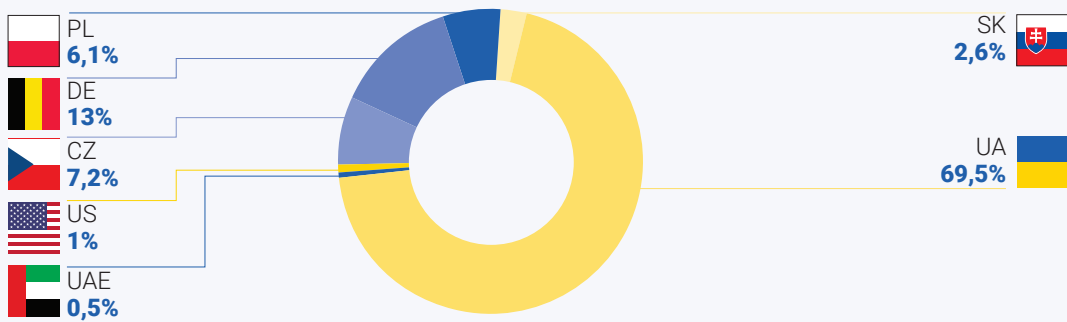
FIGURE 13
Categories of items contracted under the Fund in the reporting period, in % on the basis of value



Regarding the suppliers of the items procured in 2023, the majority are based in Ukraine (70% of the procurement value),

followed by the EU (28.9%). This reflects a strong focus on local and European Union sources in the procurement process.

FIGURE 14
Origin of suppliers under purchase agreements concluded under the Fund



A total of 231 payment transactions took place during the reporting period, a notable increase from the two disbursements in 2022.

FIGURE 15
Accumulation of number of transactions executed in the reporting period

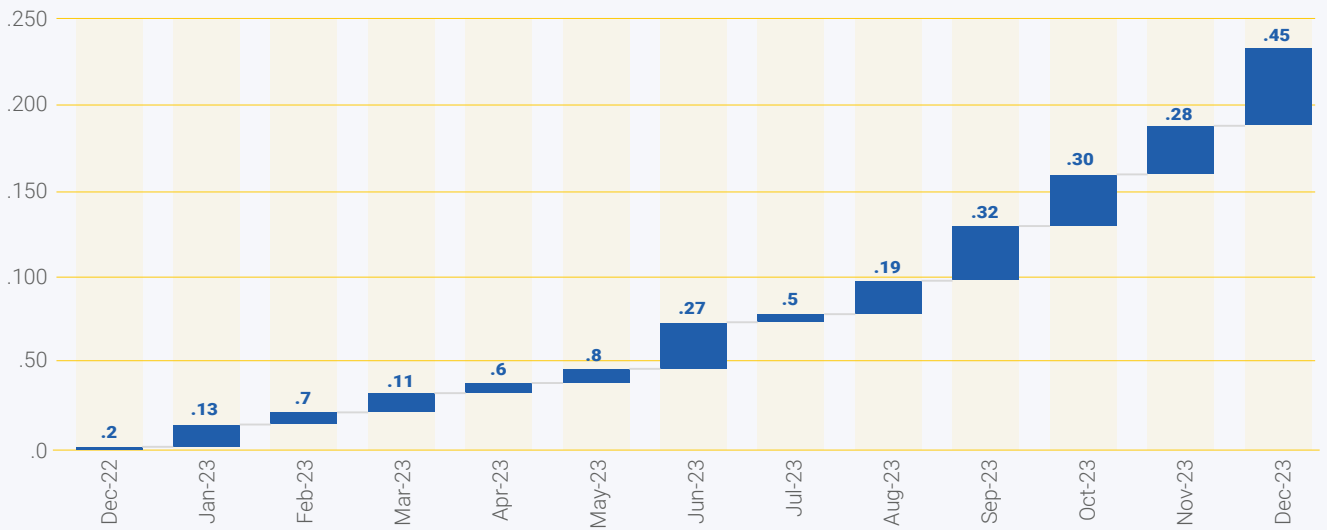
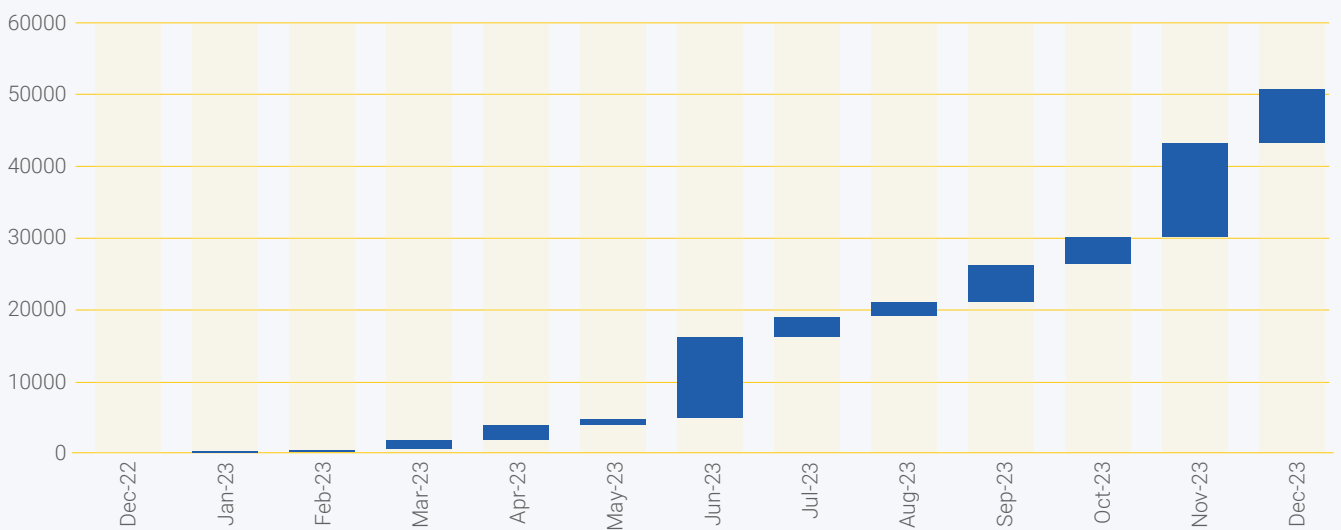


FIGURE 16
Accumulation of value of transactions executed in the reporting period

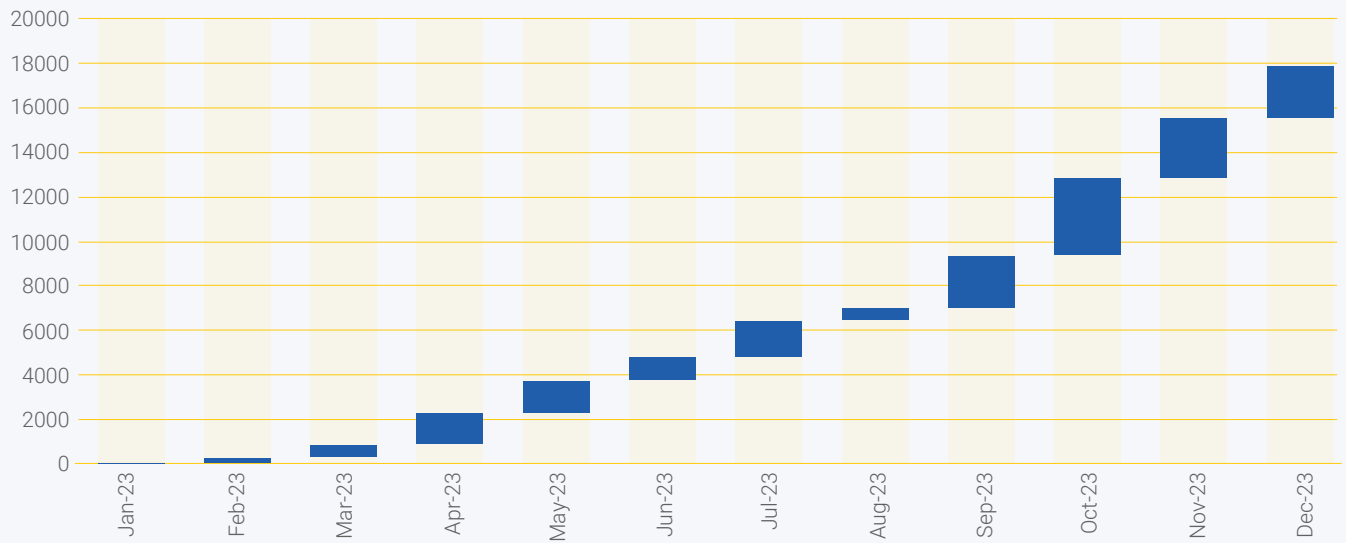


Detailed information on the transactions funded by the contributions from respective donors to the Fund, along with relevant statistics, can be found in the monthly reports provided continuously to all donors.

c. Deliveries

During the reporting period, and since the inception of the Fund, items valued at EUR 19.8 million have been delivered under 102 different purchase agreements.

FIGURE 17
Accumulation of value of deliveries in the reporting period



Additionally, items valued at EUR 31.0 million are anticipated to be delivered in the first quarter of 2024, with further items worth EUR 28.1 million expected in the second quarter of 2024. The

delivery schedule for items procured through the Fund extends to the first quarter of 2025.

FIGURE 18
Delivery Outlook items procured under the Fund, as of 31.12.2023



UKRAINE ENERGY SUPPORT FUND

Energy Community Secretariat

Am Hof 4, 1010 Vienna, Austria



+ 431 535 2222



UkraineSupportFund@energy-community.org



www.energy-community.org



https://twitter.com/ener_community



<https://www.linkedin.com/company/energy-community>

