KfW Bank aus Verantwortung

KfW‘s Engagement in Ukraine

February 2025

Our engagement in Ukraine

Active portfolio of KfW Development Bank
(in EUR; as of 1 February 2025)

> 1.4 bn. EUR

Our priorities:

729 Mio.

Energy and nature protection
Rehabilitation of the electricity network, energy efficiency in public buildings and companies; emergency energy equipment through Ukraine Energy Support Fund, Nature Conservation

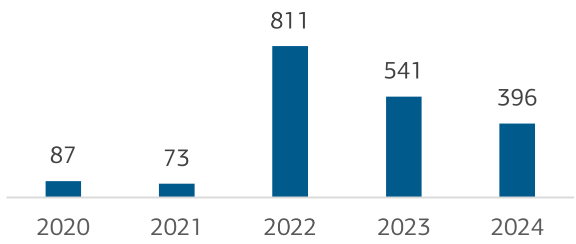
164 Mio.

Sustainable economic development
Support for small and medium-sized enterprises (SMEs), agricultural financing, vocational training, economic development of IDP

509 Mio.

Social infrastructure and services
Support to municipalities in the areas of water and sanitation, health centres, housing for IDP and social cohesion activities

KfW commitments (in million EUR)



Our clients

Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung

Auswärtiges Amt

Bundesministerium für Wirtschaft und Klimaschutz

Bundesministerium der Finanzen

Our partners include:

МІНІСТЕРСТВО ОХОРОНИ ЗДОРОВ'Я УКРАЇНИ

USIF

МІНІСТЕРСТВО ФІНАНСІВ УКРАЇНИ

Міністерство енергетики України

BDF UNITING FOR GROWTH

State Fund for Support of Youth Housing Construction

УКРЕНЕРГО

IOM UN MIGRATION

GREEN FOR GROWTH FUND INVESTING IN ENERGY EFFICIENCY AND RENEWABLE ENERGY

unicef

EFSE EUROPEAN FUND FOR SOUTHEAST EUROPE

NRC NORWEGIAN REFUGEE COUNCIL

Ukrenergo - energy efficiency in the transmission sector

Upgrading of substations

УКРЕНЕРГО

Situation

- Massive damage and failures due to Russian attacks on the power grid infrastructure; high risk during construction/repair due to ongoing Russian attacks and UXO
- The obsolete technical state of the electricity transmission system and its substations causes inefficient energy supply for the Ukrainian economy and a lack of energy security for consumers.
- The existing infrastructure is currently an obstacle for the integration into the European transmission network

Our approach

- Reconstruction and rehabilitation of substations
- Delivery of system-relevant central components to replace destroyed components
- Physical protection for selected relevant components
- Installation of automated and advanced materials, controls and switchgear in line with EU standards; support for the increasing integration of the Ukrainian electricity network into the Central European Network (CESA)

Current status

- A EUR 100 million grant via EU UIF for Ukrenergo was signed in July 2024
- Currently the portfolio with Ukrenergo amounts to around EUR 450 million

Results

- Ensuring reliable, stable operation of the transmission system leads to increased security of supply
- Improving efficiency in power transmission
- Promoting Ukraine's EU rapprochement through increased integration/electricity exchanges with the EU

Volume of financing

BMZ:	EUR 249.4 million
EU:	EUR 127 million
KfW:	EUR 73.6 million

Donor

BMZ

EU

Business Development Fund (BDF)

A German-Ukrainian success story

Situation

- In the context of war, SMEs do not have sufficient access to finance, especially in local currency
- Accessible financing for SMEs is crucial during the war for their transformation and survival, since they are essential for the recovery and reconstruction after the war
- The financial sector is small, not sufficiently capitalised and lacking in market depth

Our approach

- The BDF has been established in 1999 with KfW support
- Strengthening financial institutions (through loans and grants)
- Establishing development-relevant products (e.g. financing energy efficiency)
- Know-how transfer, institutional capacity building and organisational development

Results

- Strengthening the financial sector by ensuring liquidity
- Securing or creating jobs
- Generation of taxes through strengthening of the local economy

Future of BDF

BDF Vision 2.0:

- Transformation of the Fund into a sustainable, reliable and independent institution for the design and implementation of international and state-funded projects
- Completing EU Pillar Assessment to be able to raise funds directly from the EU in the future.
- A strengthened BDF will have the capacity to join the capital market in the future, mobilise funds from private investors, finance programmes for the recovery of the Ukrainian economy.

Volume of financing

BMZ:	EUR 57.0 million
EU:	EUR 5.0 million
BMF:	EUR 3.0 million*

*(benefitting BDF and MinFin)

Donor

German Government (BMZ, BMF)

EU

USIF - Ukraine Social Investment Fund

Promotion of social infrastructure and housing for internally displaced persons (USIF VI-VIII)

Situation

- Limited government funding for maintaining or expanding social and productive infrastructure for many years
- Burden of war:
  - severe damages in social infrastructure
  - ~ 4 million people internally displaced, high pressure on infrastructure in host communities, housing shortage
  - additional burden on health infrastructure

Our approach

- Energy-efficient renovation and expansion of social housing for IDP
- Patient-friendly and energetic renovation and expansion of municipal health centres and hospitals; provision of medical equipment for the primary health centres
- Social infrastructure for IDPs and host communities

Results

- Improving the living conditions of both IDP and local population in the host communities
- Contributing to the social integration of IDP
- Strengthening health centres
- Energy savings and mitigating climate impact

Project Key Facts

IDP Housing

- EUR 33.2 million in two ongoing projects
- Focus: Energy renovation and redesign of municipal buildings
- Donor: BMZ

Health infrastructure

- EUR 27.5 million in two ongoing projects
- EUR 2 million redirected to provide high quality medical equipment to hospitals in Kyiv and Lviv
- Possibly new investment in women health
- Donor: BMZ

European Fund for Southeast Europe (EFSE)

EUROPEAN FUND FOR SOUTHEAST EUROPE

Key Facts

Name	Volume of the fund	Fundmanager
European Fund for Southeast Europe (EFSE)	EUR about 1.3bn	Hauck Aufhäuser (AIF-Manager) Finance in Motion (Portfolio Manager)
Subscribed Share Capital in %	**Active in**	**Mission**
29.9% (BMZ) 27.6% (EU) 10.6% (KfW)	16 countries in southeast Europe & eastern EU-partner countries	Investments in local financial intermediaries, providing non-financial support to foster sustainable entrepreneurship

Goals

- Lending to micro, small and medium-sized enterprises (MSMEs) and to households for housing refurbishment
- TA support via EFSE Development Facility

Co-Investors

- BMZ, EU, IFC, OeEB, EBRD, EIB, FMO, SDC, DANIDA, ADA, Central Bank of Armenia, Republic of Albania, FiM etc.

Structure

- Structured PPP Fund, established in December 2005 headquartered in Luxembourg
- Revolving lending to local financial institutions (since inception about 1.3 million individual loans or > EUR 11.3 billion)
- One of the world’s largest microfinance fund

Ukraine Exposure

- 6 active PLIs
- Committed investment portfolio of EUR 41.3 million
- 6,235 borrowers since inception
- EUR 381.4 million sub-loans since inception

Green for Growth Fund (GGF)

GREEN FOR GROWTH FUND

Key Facts

Total liabilities and equity	Structure/Location	Fundmanager
EUR 1,093 million	Structured Fund, SIVAC-SIF, Luxembourg	Finance in Motion
Subscribed Share Capital in %	**Active in**	**Sector**
29% (BMZ) 18% (EU) 11% (KfW)	19 countries in SEE+ eastern and southern EU-Neighbourhood regions	Renewable energies and energy-efficiancy

Goals

- Developing and expanding the range of sustainable and inclusive financing for investments in RE and RE through financial institutions, Energy Service Companies (ESCO) and private investors
- Investments supported achieve at least 20% energy savings and/or 20% CO2 emission reduction

Co-Investors: public, private (comm.+philanthr.)

- EU, BMZ, EIB, EBRD, IFC, FMO, OeEB, private and institutional investors

Portfolio example / Impact

- Over 62 000 loans have been disbursed to final borrowers in the amount of EUR 1.9 billion since its inception
- 1,3 million t/a CO2 and 5,1 million MWh/a energy savings
- About 7% of the portfolio in local currencies, 32% Funds from private investors

Ukraine Exposure

- 8 current Partner institutions (5 FI; 2 Project Finance; 1 Corporate)
- Outstanding investment portfolio of EUR 70,5 million
- 651 sub-loans since inception (with total volume: 164,5 million)

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Thank you.
Any questions?

Further information on KfW‘s work in Ukraine: