

## **New OECD reports outline actions to mobilise investment in Ukraine’s transition to a more reliable and sustainable energy system**

15/12/2021 – Two new OECD reports on Ukraine— a review of energy investment policy and a study on Responsible Business Conduct (RBC) Due Diligence Practices in Ukraine’s energy sector were presented today at a launch event in Kyiv in the presence of Taras Kachka, Deputy Minister of Economy of Ukraine, Eivind Vad Petersson, State Secretary of the Ministry of Foreign Affairs of Norway, and Mathilde Mesnard, OECD Acting Director, Directorate for Financial and Enterprise Affairs.

These reports provide targeted recommendations that will help the Ukrainian government to enhance the benefits of its strategic position and reforms with respect to Ukraine’s energy sector. They are the result of a comprehensive two-year process of research, analysis and dialogue conducted by the OECD in co-operation with Ukrainian authorities, the private sector and social partners.

The [OECD Energy Investment Policy Review of Ukraine](#) evaluates the investment climate in Ukraine’s energy sector, assessing Ukraine’s legal and institutional reforms, as well as efforts to increase the role of market forces in the energy sector, advance integration with the European Union’s energy market, and promote responsible business conduct among energy companies.

The OECD Energy Investment Policy Review recognises that Ukraine has made great strides in strengthening its policy framework to enhance the attractiveness of Ukraine’s energy sector among private companies. One of the key challenges facing Ukraine is unlocking investments in finance energy projects that will lead to sustainable development and carbon neutrality. This will require, *inter alia*, reducing regulatory and financial uncertainty for renewable energy producers and phasing out fossil fuel (especially coal) subsidies. Furthermore, much remains to be done to strengthen environmental, human and labour rights protections, as well as integrity and transparency across all energy sub-sectors.

The report encourages Ukraine to:

- progressively move from feed-in tariffs to more competitive support mechanisms in the renewable energy sector;
- develop a regulatory framework and action plan to accelerate the switch from hydrocarbons to renewable sources;
- improve market conditions for commercial banks to finance a higher share of energy infrastructure by adopting policies that enable competition between commercial and state-owned banks;
- continue implementation of policies and programmes that advance the integration of Ukraine’s power and gas system with those of the European Union; and
- further streamline and strengthen the existing institutional and policy frameworks for responsible business conduct (RBC) as well as encourage energy companies to carry out due diligence to address and mitigate RBC-related risks along entire value chains.

The [OECD study on Responsible Business Conduct \(RBC\) Due Diligence Practices in Ukraine’s Energy Sector](#), based on surveys conducted with some of the main energy practitioners in Ukraine and on supplementary research, outlines key RBC risks that companies in Ukraine’s energy sector face and efforts through which these risks are identified, addressed and mitigated. The study also outlines

practice gaps and provides considerations for companies to take into account when improving due diligence practices in aligning with OECD RBC instruments and standards.

The two reports are the result of work undertaken by the OECD in the framework of the project “[Supporting Energy Sector Reform in Ukraine](#)”, with the financial and political support of the Government of Norway. The project Ukraine aims to help the Ukrainian authorities implement reforms in the country’s energy sector and promote its efficiency for increasing its attractiveness, competitiveness and development.

Taras Kachka, Deputy Minister of Economy of Ukraine, said:

“In the context of our fruitful co-operation with the OECD, the results of the work within the project “Supporting Energy Sector Reform in Ukraine” will contribute to the process of designing policies of enhancing the capacity of the energy sector, increase its competitiveness and attracting investment for its development. The sector faces certain challenges, as well as offers opportunities, therefore the expert and analytical support of the OECD is extremely important to our Government.”

The OECD and Ukraine have worked together since 1991 to improve governance and stimulate economic development. In 2014, the two parties signed a Memorandum of Understanding (MoU) and developed a joint Action Plan that identifies the priority areas for OECD work in Ukraine. The work was implemented in the context of the OECD-Ukraine MoU, with the aim to strengthen institutions and to improve investment, competition, and corporate governance policies in Ukraine’s energy sector.

Working with over 100 countries, the OECD is a global policy forum that promotes policies to improve the economic and social well-being of people around the world. The OECD works to enhance the contribution of international investment to growth and sustainable development worldwide by advancing investment policy reform and international co-operation. Find out more at [www.oecd.org/investment/](http://www.oecd.org/investment/)

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Read the reports:

- [OECD Energy Investment Policy Review of Ukraine](#)
- [Responsible Business Conduct \(RBC\) Due Diligence Practices in Ukraine’s Energy Sector](#)