In 2014 the OECD responded positively to Ukraine’s request to further strengthen existing OECD-Ukraine co-operation to take advantage of the OECD’s expertise to address the public policy challenges it faced. As a result, the OECD and the Government of Ukraine signed a Memorandum of Understanding for Strengthening Co-operation (MoU) and a subsequent Action Plan for its implementation. The OECD-Ukraine Action Plan identifies the government priorities for OECD support: (i) anti-corruption, (ii) governance and rule of law, and (iii) investment and business climate. The parties prolonged the OECD-Ukraine MoU until 2020 to reflect their determination to continue working together in support of Ukraine’s reforms. The OECD-Ukraine Action Plan was updated in February 2019 to reflect the government priorities for 2019-2020.

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The project Supporting the Energy Sector Reform in 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. The project focuses on competition, investment, responsible business conduct, anti-corruption and corporate governance of state-owned enterprises (SOEs) in the energy sector.

The project encompasses a mix of analytical and capacity-building activities to ensure relevance and support to Ukrainian institutions in reforming the energy sector. The project will run from January 2019 until December 2021. It is implemented with the financial support of the Government of Norway.

OECD Expertise

The project will be implemented by the OECD Secretariat serving expert committees and working parties. The work will be reviewed and monitored at the relevant networks and bodies, including:

- OECD Working Party on State Ownership and Privatisation Practices
- OECD Competition Committee
- OECD Investment Committee
- OECD Working Party on Responsible Business Conduct
- OECD Anti-Corruption Network for Eastern Europe and Central Asia
- OECD Eurasia Competitiveness Programme

This work could potentially lead to the invitation of Ukraine to align, and eventually adhere, to some OECD instruments and bodies as appropriate.
Despite important reforms implemented to date by Ukraine, a great deal remains to be done to underpin and ensure an effective energy sector reform. Ukraine faces major challenges in improving energy efficiency. The energy sector represents 12.6% of the country’s GDP, yet issues regarding governance, pricing policy, bid-rigging, management and security of energy assets have continued to pose barriers to its development.

OECD recommendations, instruments, policy guidance and capacity-building activities could help Kyiv advance towards its energy goals domestically and fulfill commitments made to the EU. This project will provide analysis, policy recommendations and capacity-building activities to enhance energy sector reform.

The project aims to improve investment, SOE corporate governance, competition and anti-corruption practices in Ukraine’s energy sector. This will be achieved by providing analytical inputs as well as policy recommendations tailored to the sector in the form of analysis based on OECD guidelines and instruments.

The project will comprise multiple analytical inputs and capacity-building activities focusing on:

- reviewing the architecture and governance of the energy sector;
- supporting the SOE sector reform in the energy sector;
- promoting competition in the energy sector;
- improving investments in the energy sector;
- strengthening anti-corruption measures and practices in energy sector of Ukraine.

Some of the activities are benchmarked against specific OECD standards, namely:

- OECD Guidelines on Corporate Governance of State-Owned Enterprises
- OECD Guidelines for Fighting Bid Rigging in Public Procurement
- OECD Competition Assessment Toolkit
- OECD Policy Framework for Investment
- OECD Declaration on International Investment and Multinational Enterprises
- OECD Guidelines for Multinational Enterprises
- OECD Responsible Business Conduct Due Diligence Guidance
- OECD Istanbul Anti-Corruption Action Plan

This OECD Project will engage stakeholders in Ukraine’s energy sector and will provide recommendations that would help advance the country’s domestic energy goals and fulfill commitments made to partner countries and international organisations.

Main partners and beneficiaries will be:

- Cabinet of Ministers of Ukraine;
- Ministry of Energy and Coal Industry;
- State Agency on Energy Efficiency and Energy Saving;
- The National Energy Regulatory Authority of Ukraine;
- Anti-Monopoly Committee of Ukraine;
- Energy-related SOEs;
- Ukrenergo, the National Power Company of Ukraine.
- Citizens of Ukraine.