

**Economy****Govt will adopt roadmap for liberalization of gas and electricity markets – IMF memo**

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The Cabinet of Ministers of Ukraine will adopt a roadmap for the gradual liberalization of gas and electricity markets with a clear plan for its implementation for the period after martial law.

"Once the war winds down, the reform agenda in the energy sector will, inter alia, require restoring and enhancing competition in wholesale and retail gas markets," states the updated Memorandum of Economic and Financial Policies of Ukraine on the EFF program with the International Monetary Fund, published on the IMF website.

"Our immediate priority is to contain the adverse impact of the war on the energy sector. We remain strongly committed to implementing, once conditions allow, a timely and ambitious energy reform agenda to address long-standing structural problems in the energy sector that have been exacerbated by the war," the report says.



appointment. We also commit to launch an independent evaluation of the supervisory boards of Naftogaz and Ukrenergo in early 2024 and to conclude it by end-October 2024," according to the document.

"Overall, potential reform measures include gradual tariff increases (subject to a new tariff methodology and social considerations during the war), securing external financing, and providing transparent and exceptional direct budget support to energy SOEs pending available budgetary resources. Furthermore, ensuring the sustainability of the system and reducing quasi-fiscal liabilities will necessitate a gradual increase in gas and electricity tariffs towards cost recovery while allocating adequate and well-targeted resources to protect vulnerable households," the report says.

"Progress has also been made on energy corporate governance with the seating of the seventh board member of Naftogaz, while the planned adoption of law No. 6133 would pave the way for GTSOU to rightsize its operations ahead of the expiry of the transit contract with Gazprom at end-2024. Work is expected to start soon on a review of the arrears and financial conditions of the district heating companies," says the document.

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