



PROCEDURAL ACT OF THE ENERGY COMMUNITY SECRETARIAT

2025/18/ECS-ENC ON MANAGEMENT FEE APPLICABLE TO THE UKRAINE ENERGY SUPPORT FUND

The Energy Community Secretariat,

Acknowledging the importance of ensuring transparent and sustainable financing for the operation and management of the Ukraine Energy Support Fund (UESF);

Committed to following and implementing best practices among international organisations (IOs) and international non-governmental organisations (NGOs);

Based on Article 14 paragraph 2 of the Energy Community Procedures for the establishment and implementation of the budget, auditing and inspection, adopted by the Procedural Act of the Ministerial Council 2006/03/MC-EnC of 17 November 2006, amended by Procedural Acts of the Ministerial Council 2014/11/MC-EnC of 23 September 2014, 2022/02/MC-EnC of 15 December 2022 and 2024/06/MC-EnC of 19 February 2024;

Recalling Article 67(c) of the Treaty establishing the Energy Community, which obliges the Secretariat to provide administrative support to donors as part of the Community's legal framework;

Recognising the necessity for a dedicated, stand-alone framework on the management fee applicable to the UESF, distinct from the Procedural Act on Indirect Costs applicable to other extrabudgetary (ExB) activities;

ADOPTS THE FOLLOWING PROCEDURAL ACT:

Article 1 Background

1. Charging a management fee for the operation and management of the Ukraine Energy Support Fund (UESF) is in line with usual and accepted practices among international organisations managing multi-donor trust funds. The management fee enables the Energy Community Secretariat (Secretariat) to finance costs incurred for the operation and management of the UESF.
2. The UESF relies on the Secretariat's administrative, financial, and operational infrastructure to ensure effective delivery of donor-funded projects. To reflect the fair allocation of costs and to ensure the financial sustainability of the Secretariat, a formal policy of expenditure allocation is required.

Article 2 Purpose and Objectives

1. This Procedural Act provides clear guidelines for collecting, allocating and utilising the UESF



management fee in support of the Secretariat's mandate to operate and manage the UESF.

2. This Procedural Act aims:

2.1 to ensure transparent and sustainable financing of the Secretariat's functions necessary for the operation and management of the UESF; and

2.2 to provide a transparent structure for decision-making, accounting and reporting on the use of the management fee.

Article 3 Scope

This Procedural Act applies exclusively to the management fee applicable to contributions to the UESF for the purpose of financing the operation and management of the UESF. It does not apply to any other extrabudgetary or core-budget activities of the Secretariat.

Article 4 Fund Management Principles

1. **Cost Eligibility:** The management fees retained shall only be used to partially or fully cover Management Costs, as defined in Article 6, in line with the respective contribution agreement to the UESF.
2. **Use of Unspent Management Fees:** Unspent management fee balances shall be returned to the UESF account to cover Operational Costs, as defined in Article 6, in line with the respective contribution agreement to the UESF.
3. **Flexibility in Use:** The management fee is intended to provide flexible funding for the costs of operating and managing the UESF. The principle of budget annuality does not apply.
4. **Burden-Sharing:** The management fees retained shall equally contribute to covering the Management Costs.
5. **Capital Preservation:** Consistent with the organization's policies, management fees will be maintained with an emphasis on capital preservation.

Article 5 Management Fee Rate

1. The rate of the management fee applicable to contributions to the UESF shall be established considering the costs necessary to cover the administrative and institutional resources required for the operation and management of the UESF.
2. The applicable rate may differ between donors or contribution agreements; however, equitable contribution towards the costs of the management and operation of the UESF between all donors



shall be aimed for.

3. The rate of the management fee shall be agreed between the Director and the respective donor to the UESF. The applicable rate shall not exceed 7% of the respective contribution to the UESF.
4. The contribution agreement or similar arrangement between the donor and the Secretariat shall include a separate clause on the management fee applicable. It shall stipulate that the Secretariat is entitled to deduct and retain a certain amount or percentage of the grant to cover the costs related to the operation and management of the UESF.
5. Any subsequent change of the rate of the management fee requires approval by the Director and the respective donor.

Article 6 Costs Categories

1. The expenditures related to the UESF are divided into two distinct categories:
 - a) Operational Costs – expenditures for Necessary Support, including Associated Costs, as defined in the respective Grant and Fiduciary Agreements.
 - b) Management Costs – expenditures related to the operation and management of the UESF by the Secretariat.
2. Management Costs may adapt over time based on emerging needs for the effective management and operation of the UESF.

Article 7 Allocation of Management Fee

1. Contributions by donors to the UESF shall be maintained in the dedicated fiduciary bank account established under the Energy Community's financial framework.
2. The management fee shall be calculated on a cash basis and transferred from the UESF bank account to the Secretariat's core operational account in accordance with internal financial procedures, upon prior approval by the Budget Committee.
3. Each such transfer shall be recorded through the Secretariat's ERP system, ensuring full traceability between the UESF and the Secretariat's financial statements.
4. Retained management fees shall be used exclusively to finance fully or partially Management Costs as defined in Article 6(1)(b) and the respective contribution agreement or similar arrangement between the donor and the Secretariat.



Article 8

Cost-Sharing Methodology

1. Management Costs as defined in Article 6(1)(b) which are not covered in full by the management fee are subject to cost-sharing with other sources of funding, as appropriate.
2. Attribution takes place through the Secretariat's ERP accounting system and ensures:
 - timely recognition
 - consistency with financial reporting cycles, and
 - transparency for both internal and external audit purposes.
3. Attribution of shared costs shall be done monthly. Monthly attribution provides donors and stakeholders with regular and accurate visibility on how the management fee(s) is/are contributing to the sustainability of the Secretariat's institutional support functions.

Article 9

Governance and Decision-Making

The management fees retained will be managed following the current approval modalities stipulated in Article 58 of the Energy Community Procedures for the establishment and implementation of the budget, auditing and inspection, as amended, and applied to all financial transactions of the Energy Community.

Article 10

Performance and Reporting

1. The following data shall be included in the monthly report:
 - 1.1 starting balance of management fees received;
 - 1.2 total management fees retained within the fiscal year;
 - 1.3 summary of expenditures, categorized using core budget lines; and
 - 1.4 remaining management fees for future allocations.
2. The same information for the reporting year is to be included in the annual corporate report and audited.
3. At the end of the project or implementation period of each contribution agreement or similar arrangement, the reconciliation of the management fee retained and expenditures will be performed. Any remaining balance shall be booked accordingly.

Article 11

Policy Review

This Procedural Act shall be reviewed periodically to ensure it continues to meet the organization's needs and supports its mission effectively.



For the Energy Community

A handwritten signature in black ink that reads 'Artur Lorkowski'.

Artur Lorkowski
Director

Done in Vienna on 30 October 2025