

# Ukraine: EIB provides €30 million loan to modernise logistics network of national postal operator – Ukrposhta



- Ukraine to modernise and digitalise the Ukrposhta postal service: as part of a large-scale upgrade of the logistics network of the national postal service provider, Ukrposhta is to expand its infrastructure with up to three sorting hubs, 20 depots and related IT infrastructure with a €30 million loan from the EU bank
- Investment will improve the level of service and reduce delivery times, especially for parcels
- The loan comes with a technical assistance package to modernise the logistics network at Ukrposhta

The European Investment Bank (EIB) and JSC [Ukrposhta](#), Ukraine's national postal service provider, have signed a €30 million loan to continue the modernisation and digitalisation of the country's postal services. The loan, signed during the 22<sup>nd</sup> EU-Ukraine Summit, will allow Ukrposhta to start modernising its logistics network with three new sorting hubs, 20 postal depots and IT infrastructure.

**EIB Vice-President Lilyana Pavlova** said: *"An efficient, affordable and modern postal service is crucial for faster, sustainable long-term economic development, as it unlocks new business opportunities, creates jobs and makes trade easier and more profitable. Together with our Ukrainian partners, the EIB will support the development of modern, digitalised postal infrastructure, benefiting the people and businesses of Ukraine alike. We are extremely proud of our continuing role in the economic and social development of Ukraine."*

**Ambassador of the European Union to Ukraine Matti Maasikas** commented: *"At a time in which it is key to move to world-class standards as regards logistics and digitalisation, we are happy that the European Investment Bank is partnering with key public service providers such as Ukrposhta to ensure that they have the resources and capacity to offer reliable, modern and affordable services to all Ukrainians."*

With the loan from the EU bank, Ukrposhta will design and roll out a new, state-of-the-art parcel logistics network, reduce delivery times and improve the overall quality of the postal service for millions of Ukrainians.

**General Director of JSC Ukrposhta Ihor Smilianskyi** said: *"The next few years will see the largest modernisation in the history of Ukrposhta. The EIB loan is a part of a major investment in postal infrastructure and a testament to the fact that Ukrposhta is a trusted and reliable partner. In total, as part of the strategy to upgrade the logistics network, we plan to attract about €100 million for the construction of eight sorting hubs and 62 regional*

depots. This will comprise loans from the EIB and the EBRD, as well as the company's own investments. The new logistics centres will be fully automated and moved out of the city, which will significantly speed up the shipping process and improve connections as well as the environment in cities. Capacity will increase to three to four times its current levels. We will also provide separate storage space for online stores. Thus, orders made in the evening will go directly to the sorting line and will be at the postal offices of the recipients in the morning. Modernisation of the postal infrastructure will significantly change working conditions for the company's employees: manual sorting will become a thing of the past, and the digitalisation of processes will attract employees to jobs with competitive salaries. In total, we plan to create more than 5 000 new jobs."

An improved and affordable postal service with reduced delivery times will also improve conditions for doing business in the country (especially for small and medium enterprises), create infrastructure vital for faster development of e-commerce and pharmaceutical deliveries, and increase the efficiency of domestic and international supply chains.

It will also strengthen nationwide infrastructure critical for major emergencies such as the COVID-19 pandemic.

**Ukrainian Minister of Infrastructure Vladyslav Kryklii** commented: "We continue to create qualitatively new infrastructure in Ukraine and cooperate in this area with our permanent international partners for the implementation of large-scale investment projects. The signing of this guarantee agreement with the European Investment Bank will provide us with the opportunity to qualitatively modernise the existing logistics network of Ukrposhta, namely to create new sorting centres and purchase the necessary modern equipment for faster and more convenient shipments. Despite the crisis and quarantine, Ukrposhta continues to grow steadily and proves that state-owned companies can be successful and modern. It became one of the first state companies to actively sell its non-core assets and channel the funds received for modernisation. We will continue doing our best and using all opportunities for the further development and improvement of the national postal service provider."

The EIB has also provided a technical assistance package to Ukrposhta and assisted in the development of its investment programme, a crucial element for securing the EIB's affordable financing. The technical assistance included a market analysis, the development of a business plan and the investment needs for the new logistic network.

### **Background information:**

As the largest multilateral [borrower](#) and lender by volume, the EIB provides finance and expertise for sound and sustainable investment projects which contribute to furthering EU policy objectives. More than 90% of EIB activity is focused on [Europe](#), but it also supports the [EU's external and development policies](#).

The EIB finances projects in [Ukraine](#) on the basis of the EU External Lending

Mandate. This provides the EIB with a guarantee covered by the EU budget for projects of significant interest to the EU and its [Eastern Neighbours](#) in the areas of social and economic infrastructure, local private sector development and climate action.

[The Ministry of Infrastructure of Ukraine](#) is the central body of executive power in the areas of transport, roads, postal service and infrastructure. It aims to formulate and implement state policy in the fields of air, road, rail, sea, river and urban electric transport, as well as on issues related to the use of Ukrainian airspace, subway systems, roads, postal services, transportation safety, merchant shipping and navigational/hydrographic support for vessels.

[JSC Ukrposhta](#) is the state-owned designated universal service provider for postal services in Ukraine and the market leader in the postal market with more than 200 million deliveries made annually. The nationwide branch network of Ukrposhta is comprised of more than 10 000 permanent post offices and approximately 1 000 mobile offices. The founder and shareholder of JSC Ukrposhta is the Ukrainian State, represented by the Ministry of Infrastructure of Ukraine. Ukrposhta's logistics network currently consists of 32 sorting centres, which are located in city centres near railway stations, and 53 regional depots.