

Ukraine: EU bank supports road infrastructure upgrade with EUR 450m loan



- Construction of new bypass to the north of the city of Lviv in western Ukraine to be used by some 20 000 vehicles daily
- Rehabilitation of the M05 highway Kyiv – Odessa in the Cherkassy, Kirovohrad, Mykolaiv and Odessa regions
- The Lviv bypass will be used by some 20 000 vehicles and the M05 highway by 10 000 to 25 000 cars daily, depending on the section

The European Investment Bank (EIB) has agreed to provide a loan of EUR 450m to finance new road construction and road network rehabilitation along the most important highway connections in Ukraine. The financing will increase safety and help modernise parts of the network included in the extended Trans-European Network for Transport (TEN-T), which links the country internationally and to the EU in particular.

The project consists of two parts:

- Construction of a new 23 km long northern motorway bypass in Lviv – the largest city in western Ukraine with over one million inhabitants. The

bypass, from which drivers of 20 000 vehicles a day are expected to benefit – will connect Lviv with the Kyiv – Chop international highway and the Lviv – Lutsk national road. It will provide a link with the Lviv – Rava Ruska, Lviv – Krakovets and Lviv – Shegyni international highways on the route from Ukraine to Poland and further to Western Europe.

- **Upgrade of the existing 314 km section of the M05 highway along the Kyiv-Odessa line**, in the Cherkassy, Kirovohrad, Mykolaiv and Odessa regions. This is the main north-south road connection from Kyiv towards the Black Sea ports, which is varyingly used by 10 000 to 25 000 vehicles daily, depending on the section.

EIB Vice-President Lilyana Pavlova commented: *“The EU bank is working towards ensuring a safer, faster and more interconnected transport system in Ukraine, with better links with the neighbouring European Union. Modern and high capacity regional transport systems and improved road infrastructure provide significant benefits to both Ukraine and the EU. This contributes to a higher quality of everyday life for people in terms of improved road safety, removal of bottlenecks and time savings and supports economic development by boosting trade, accelerating economic growth and providing better access to services and markets.”*

Prime Minister of Ukraine Oleksiy Honcharuk stated: *“We very much appreciate our cooperation with the EIB and EBRD. We have a common goal to accelerate economic growth in Ukraine, which will also improve the quality of life of Ukrainian citizens. Building and reconstructing roads are extremely demanded by Ukrainians and are a positive factor for foreign investors. This particular Agreement will help us reconstruct over 300 km long road connecting Kyiv and Ukraine’s Black Sea ports. In its turn, the Government of Ukraine will adopt all the necessary anti-corruption and institutional changes to make the cooperation with the partners as fruitful as possible”.*

The borrower of the EIB loan is Ukraine, while the project promoter is the State road agency Ukravtodor. The project will be co-financed by the European Investment Bank and the European Bank for Reconstruction and Development (EBRD). Construction works will start in 2020 and the project is envisaged to be completed by 2025.

The EU bank’s lending commitment supporting Ukraine’s transport infrastructure, including the current loan, amounts to some EUR 2bn since the launch of the Bank’s lending in the country in 2007. This represents one third of the total EIB lending commitment in Ukraine (approximately EUR 6bn).