

## Ukraine: The EIB invests €640 million to improve infrastructure resilience, public transport and road connections



©EIB

- **€340 million loan to support infrastructure rehabilitation and improve living and business conditions in conflict-affected eastern Ukraine.**
- **€200 million loan to improve quality and reliability of public transport in up to 20 cities in Ukraine, reduce pollution and make Ukrainian cities an even better place to live.**
- **€100 million loan to reduce travel times, improve road safety and decrease vehicle maintenance costs along 183 km of improved roads in Luhansk Oblast.**
- **Substantial grants from the European Union will support the EIB loans with technical assistance in project preparation and management.**

The European Investment Bank (EIB) and the Government of Ukraine today signed three loans totalling €640 million to foster the sustainable growth of Ukraine and the prosperity of its people. The operations are in line with the priorities of the Government of Ukraine and the European Union to support the long-term social and economic development of eastern Ukraine and integration of the conflict-affected regions as well as the development of sustainable municipal transport and the modernisation of the transport infrastructure in the country.

**EIB President Werner Hoyer said:** *“The EIB is proud of our continuing contribution to the social and economic development of Ukraine in support of European Union policy in the country. Today, we are investing €640 million to overhaul and modernise infrastructure in conflict-affected eastern Ukraine, to improve the quality and reliability of public transport in up to 20 cities in the country, and to modernise 183 km of roads in eastern Ukraine’s Luhansk*

Region. This means the people of Ukraine will benefit from modern, safe and fast connections and the new business opportunities they bring. Refurbished schools, hospitals and public services will also help the country to recover faster from the pandemic and to increase its economic resilience. Together with our fellow EU institutions, the EIB looks forward to supporting Ukraine with projects like these and helping the country grow and develop faster and more sustainably as it progresses towards the EU."

**EIB Vice-President Teresa Czerwińska, who is responsible for operations in Ukraine, added:** "With the projects signed today on infrastructure rehabilitation, better public transport and improved roads, the European Investment Bank reaffirms its commitment to helping Ukraine grow, develop and become an ever better place for living and doing business. Our support will reach parts of Ukraine affected by the armed conflicts, and assist in their recovery. Rehabilitated schools, hospitals, kindergartens and other public buildings in eastern Ukraine, as well as improved roads in the Luhansk region, will make life easier for 13.7 million people, help boost economic growth, connect people and increase trade. Ukraine will also benefit from modern, efficient and green public transport, which is key to successful climate action, increasing the country's contribution to global climate action. As the EU bank, we are happy to support the Government of Ukraine, and directly translate the EU-Ukraine partnership into concrete investments."

**The Ambassador of the European Union to Ukraine Matti Maasikas said:** "The European Union is proud to continue investing, together with the EIB, into two key areas – support for conflict-affected regions of eastern Ukraine and sustainable, green infrastructure. Renovating infrastructure to have better schools, hospitals, community centres and housing has been a key component of the EU's support for social and economic recovery in the conflict-affected east. Improved and modern infrastructure is a major investment in the future of communities in eastern Ukraine. Road rehabilitation projects in the Luhansk region will have a direct impact on the economic and social recovery in eastern Ukraine. High-quality roads will bring tangible benefits to people, improving transportation links in the region and boosting the development of the agricultural sector. Urban mobility and sustainable, green public transport are high on the agenda of the European Union and among the priorities of Ukraine's National Transport Strategy. By promoting a shift to more efficient and more environmentally friendly public transport, our investments will help local governments in selected cities to upgrade public transport and provide quality transport services to citizens."

**The Prime Minister of Ukraine Denys Shmyhal remarked:** "I would like to sincerely thank the European Investment Bank for years of successful cooperation, for supporting Ukraine during its most volatile times, and the European Union for the complementary grant towards these operations. The loans signed today and the EU-funded technical assistance will help Ukraine to develop economy and resilient society, including in the regions most affected by the conflict. Restored infrastructure facilities in Eastern Ukraine, reconstruction and advancement of roads in Luhansk Oblast, and sustainable public transport will offer economic, environmental and social benefits for Ukrainians for many years to come. We are grateful to the

*European Union for its continued support, which has not faltered, but rather intensified during the coronavirus crisis. We are proud that Ukraine and the EU are moving forward together in these difficult times.”*

### **€340 million to boost infrastructure resilience in Ukraine**

The €340 million loan will support infrastructure rehabilitation and improve living and business conditions in conflict-affected regions of eastern Ukraine including oblasts that host a significant number of internally displaced persons (IDPs). Several hundred small to medium-sized projects will be financed at the municipal level to restore social infrastructure, improve public utility services and repair damaged administrative buildings and other key social infrastructure, including hospitals, schools, kindergartens, post offices, street lighting, sewerage systems, municipal transport and relevant transport infrastructure. The loan will benefit some 13.7 million people, boost regional development and promote faster economic growth in Ukraine.

Under the €340 million loan, the Ukrainian-controlled areas in the Donetsk and Luhansk regions, as well as the neighbouring Kharkiv, Dnipropetrovsk, Kherson and Zaporizhia regions and city councils in other regions of Ukraine that are accommodating significant influxes of internally displaced persons (IDPs) will receive hands-on support to mitigate the effects of the conflict.

This operation follows the [Ukraine Early Recovery Programme](#), a €200 million long-term investment in critical infrastructure facilities that supported 246 local and small-scale projects. From 2014 to 2020, the programme improved living conditions for more than 5.4 million residents of Ukraine, including nearly 700 000 IDPs and other vulnerable social groups.

€15.2 million in EU grants will support the EIB loan with technical assistance in project preparation and management. In particular, a €7 million grant from the EU Neighbourhood Investment Platform (NIP) will support the programme's preparation and implementation. An additional €8.2 million grant from the EU Delegation to Ukraine will support advocacy, help raise awareness among final beneficiaries, and assist them in preparing tenders and monitoring construction works, etc.

### **€200 million to improve public transport for Ukraine**

Up to 20 medium-sized and large cities in Ukraine will improve public transport as the EIB loans €200 million to the Ministry of Infrastructure. The loan from the EU bank will improve the connection between the cities in the region of Azov Sea in eastern Ukraine with the rest of the country, increasing the standard of living for some 10 million people.

Benefiting from the loan, Ukrainian cities will modernise their electric public transport rolling stock (trams, trolleybuses, metro coaches and electric buses), rehabilitate and construct new public transport infrastructure (e.g. tram lines, trolleybus lanes, sub-stations and depots). Safer, more comfortable and environmentally friendly vehicles will improve the service level and increase the attractiveness of public transport. The

operation will also help reduce congestion and promote public transport as an effective and comfortable alternative for commuters.

The EIB loan comes with up to €4 million in grants for technical assistance in project implementation from the EU's Neighbourhood Investment Platform (NIP). In addition, the Eastern Partnership Technical Assistance Trust Fund (EPTATF) will grant €490 000 to support project preparation in the early development stages.

### **€100 million to improve road connections in eastern Ukraine**

The EIB is investing €100 million to modernise 183 km of roads in eastern Ukraine's Luhansk Region. Citizens and businesses in the region will benefit from a modern road network along the Troitske-Severodonetsk-Starobilsk route.

Investment from the EU bank will improve connections with eastern Ukraine's Luhansk Oblast, home to some 2 million people. The people of Ukraine will benefit from reduced travelling times and vehicle maintenance costs, and improved road safety. The World Bank will provide \$100 million in a parallel financing [loan](#) to support the Eastern Ukraine: Reconnect, Recover, Revitalize (3R) project.

The EIB will finance the rebuilding of road infrastructure, installation of intelligent transportation system (ITS) equipment, such as weigh-in-motion stations, and investment in other road safety measures. Investment will also enhance conditions for living and doing business in eastern Ukraine by better integrating the regional agriculture sector into the national supply chain.

### **Note to editors:**

#### **About the EIB in Ukraine:**

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](#). [The EIB has worked with Ukraine](#) since 2007. The EU bank is committed to supporting Ukraine and helping to create the conditions necessary for the achievement of economic stability. Ukraine has been the main recipient country of EIB support in the Eastern Neighbourhood, accounting for roughly 50% of EIB lending activity. To date, the EIB has a portfolio of loans and guarantees totalling €6.83 billion for Ukraine. As one of the key International Financing Institutions (IFIs) in Ukraine, the EIB focuses on social and economic infrastructure, transport and connectivity, local private sector development, energy efficiency, climate action and innovation. The Bank supports the private sector primarily through financial intermediation, and also by providing direct loans to selected large companies. Notably, the EIB was the first IFI to make long-term funding in local currency available to a local bank in support of Ukrainian small and medium-sized enterprises (SMEs).

#### **About [the EIB in the Eastern Neighbourhood](#):**

The Bank's activities in the region aim to support the goals set out by the EU's European Neighbourhood Policy. This is done by financing projects that promote prosperity and increased regional integration as well as intraregional partnerships, for the stability of the various countries. We promote growth, employment and intraregional trade, and help to protect our common environment and to mitigate climate change by supporting low-carbon and climate-resilient growth. Following the mid-term review of the External Lending Mandate (which governs the EIB activity outside the EU), the €4.8 billion mandate for 2014-2020 was increased to €6.65 billion. It covers Armenia, Azerbaijan, Belarus, Georgia, Moldova, Russia and Ukraine. Since the first EIB loan signed in 2003, the EIB has made more than €11.8 billion available in support of the region.

**About [the Eastern Partnership Technical Assistance Trust Fund \(EPTATF\)](#):**

EPTATF is a multi-purpose and multi-sector funding instrument for specific technical support in Eastern Partnership countries. It provides these countries with know-how and resources to improve capacity in project preparation and implementation, which facilitates the mobilisation of financing for EIB-supported investments. EPTATF provides high added value because better project preparation increases the bankability of projects and improves the development impact of investments in beneficiary countries.

**About [the Neighbourhood Investment Platform \(NIP\)](#):**

The NIP is a regional blending facility that mobilises additional investment for critical infrastructure projects and supports private sector development in the EU's neighbourhood. The facility's goal is to boost economic development and improve living standards in the two regions. It does this by pooling grant resources from the EU budget and EU Member States and using the funds to leverage loans from the EIB and other eligible partners. The NIP also supports the private sector, mainly through operations targeting small businesses.