

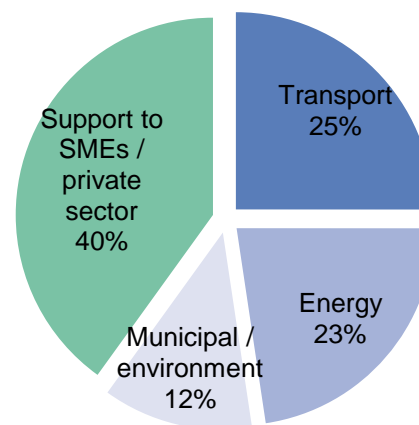
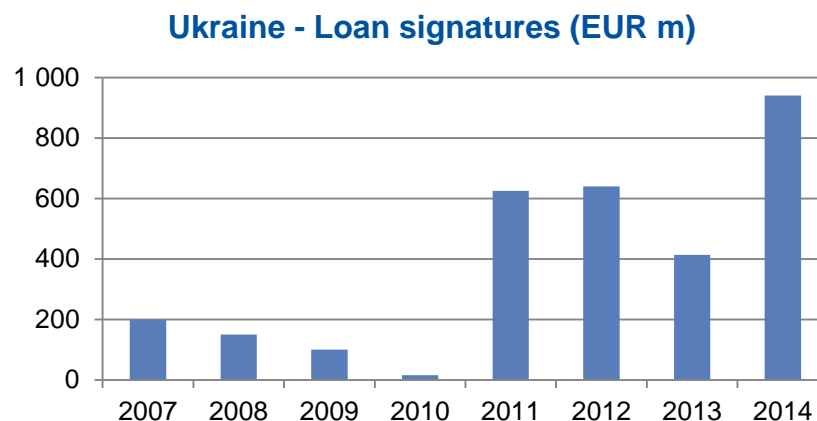
European Investment Bank and Financing possibilities in Ukraine

*Danube Region Strategy Project Workshop
Budapest
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EIB lending activities in Ukraine

- Framework Agreement EIB-Ukraine - February 2006
- EIB representation in Kyiv since 2011, co-located with EU Delegation

Operation	Signed	Amount (EUR m)
Transport		
European Roads Ukraine I	Jul-07	200
European Roads Ukraine II	Oct-08	450
Air Navigation Upgrade Ukraine	Mar-13	41
Beskyd Railway Tunnel	May-14	55
Energy		
Rivne-Kyiv High Voltage line	Oct-08	150
750kV Zaporizhzhia-Kakhovska Line	Sep-11	175
Hydro Power Plants Rehabilitation	Sep-12	200
Urengoy - Pomary - Uzhgorod Gas Pipeline	Dec-14	150
Municipal Infrastructure		
Mykolayiv Vodokanal	Mar-10	16
Dnipropetrovsk Metro extension	Oct-13	152
Ukraine Early Recovery	Dec-14	200
Private Sector and SME support		
Ukreximbank Loan for SMEs and Mid-Caps	Dec-12	100
Prominvestbank Loan for SMEs and Mid-Caps	Dec-12	200
UniCredit Loan for SMEs and Priority Projects	Dec-12	140
Oschadbank Loan for SMEs and mid-caps	Dec-13	220
Astarta Agri-Food and climate change adaptation	Oct-14	50
MHP Agri-Food	Dec-14	85
APEX Loan for SMEs and Mid-Caps	Dec-14	400
Total		2,984



Overall objectives for EIB lending in Ukraine

- Development of the **local private sector**, in particular SMEs
- Development of **social and economic infrastructure**, including projects in the transport, energy, environmental infrastructure
- **Climate action**, covering both climate change mitigation and adaptation projects

In Ukraine, most of public sector operations funded by the Bank have or have had technical assistance supporting the beneficiaries in project preparation and implementation, aiming at compliance with EU standards.

- **EIB support within EU package for Ukraine: EUR 3bn during 2014-2016**

- **EIB Task Force for Ukraine**
 - additional staff and consultancy budget resources
 - to support stepped-up lending through the years to come
 - to achieve an accelerated implementation of the loans

Eastern Partnership Technical Assistance Trust Fund (EPTATF)

Types of support throughout the project cycle:

- **identification:** sector and master plans;
- **preparation:** pre-feasibility or feasibility studies; technical, economic and financial appraisals, environmental and social impact assessments;
- **implementation:** strengthening project management and operations, skills, e.g. procurement, financial functions, maintenance.

EPTATF also provides support to **capacity-building programmes** like training officials in client countries as well as secondment programmes offering the possibility to work at the EIB for a period of time.

Neighbourhood Investment Facility (NIF)

- Grant resources from the EU budget and the EU Member States to **leverage** loans from European Finance Institutions as well as own contributions from the partner countries.
- Can be channelled in the form of a contribution to the project cost (i.e. investment grant), technical assistance and guarantees.

Strategic objectives:

- Establishing better and more sustainable **energy** and **transport** interconnections
- Addressing **climate change**, as well as threats to the **environment** more broadly.
- Promoting smart, sustainable and inclusive growth through support to **small and medium sized enterprises**, to the **social** sector, and to **municipal infrastructure** development.

Municipal Project Support Facility (MPSF)

- **EUR 20 m** facility financed by **NIF**
- Implementing EFIs: EIB, KfW, and possibly others

- **Eligible sectors:**

Phase 1: contribution to reduction of CO2 emissions (typically falling within the scope of Sustainable Energy Action Plans under Covenant of Mayors initiative): **energy efficiency and renewable energy in buildings, district heating, urban transport**

Phase 2: municipal investment projects in the same sectors of the previous phase plus any other municipal infrastructure: **street and traffic lighting, water supply, wastewater management, solid waste management**

Support throughout the entire project cycle:

- Project preparation
- Project implementation support
- Project verification
- Capacity building and institutional development
- Social awareness

The Eastern Europe Energy Efficiency and Environment Partnership (E5P)

- a multi-donor fund to support municipal investments in **energy efficiency, reducing energy consumption, decreasing pollution and greenhouse gas emissions** in the Eastern Partnership countries mainly through investment grants.
- Contributions from the European Union and from a number of countries, including the beneficiary countries themselves, are used in conjunction with loans from multilateral institutions such as the EIB.

- **Mykolayiv Vodokanal**
- **Dnipropetrovsk Metro extension**
- **Early Recovery Ukraine** (with focus on East Ukraine)
- **Ukraine Municipal Infrastructure Programme**
- **Other large municipal infrastructure projects** under consideration
- **Technical Assistance**

- **TA support from EPTATF for preparation and implementation** (including screening and monitoring) of the municipal infrastructure projects, with an amount of **EUR 1.8m** being fully approved and **EUR 1.5m** provisionally approved, subject to satisfactory implementation of the fully approved amount.
- In parallel with the TA operation, the Bank is structuring **EUR 400m multi-sector framework loan** with the Government of Ukraine acting through the Ministry of Regional Development (MRD) to support municipal public infrastructure projects

- **Final beneficiaries:** central, regional or local government agencies, public utilities and municipalities
- **Eligible sectors:** energy efficiency, district heating, water supply, wastewater and solid waste management
- **Long term maturity** based on economic life of investments: up to **15-30 years** depending on the sector
- **Project must be:**
 - **economically justified**
 - **technically viable**
 - **financially self-supporting**
 - **environmentally sound**
 - **appropriate procurement procedures are required**

Implementation and coordination:

- Programme Management and Support Unit (PMSU) within MRD and individual Project implementation units (PIU) with each final beneficiary, supported by consultants.
- Steering Committee endorsing project proposals and supervising programme and consisting of MRD, Ministry of Finance, the National Commission for State Regulation of Energy and Utilities and others as agreed by EIB.
- Programme Procedures Manual providing guidance to the Government and Final beneficiaries on eligibility criteria and monitoring procedures.

Technical Assistance: Project preparation (feasibility studies, design documentation, procurement) and capacity building are to be provided mainly through grants from **EPTATF** and **Municipal Project Support Facility (MPSF)**

Investment grants: **E5P** and **NIF** grants will be sought on a case by case basis for individual sub-projects to improve financial sustainability

- In 2010, EIB and Ukrainian Government signed a **EUR 15.5m loan** for construction of a new waste water treatment plant (WWTP) and reconfiguration of the wastewater pumping system in City of Mykolayiv in order to introduce significant efficiency measures.

- **E5P Grant** approved and Grant agreement is in the final phase of approval by the Ukrainian Government

- **EPTATF** support:
 - Assist MVK and the PIU in the implementation of the investment programme;
 - Design and implement financial, operational and institutional measures to improve the viability of MVK;
 - Prepare the City of Mykolayiv and MVK's future wastewater investments, specifically a new WWTP.

- In 2013, EIB and Ukrainian Government signed a **EUR 152 m loan** for extension of the existing metro line which would bring the metro service to the city centre to serve areas of high urban density and activity. The project is co-financed with EBRD.
- **EPTATF** support:
 - development of an integrated public transport and marketing plan, aimed at ensuring coordination between public transport services in the city of Dnipropetrovsk, and in particular between the metro and the other public transport services.

Thank you!

Olesya Muratova

Senior Loan Officer

Lending Operations in Neighbouring Countries

Public Sector- East

e-mail: o.muratova@eib.org

European Investment Bank

98-100, boulevard Konrad Adenauer,
L-2950 Luxembourg

<http://www.eib.org/>