

**European Bank for  
Reconstruction and  
Development  
Ukrainian Infrastructure  
Restoration**



# EBRD introduction

## IFI with a private sector mandate



European Bank  
for Reconstruction and Development

### 30 years of supporting companies in Eastern Europe, Central Asia and SEMED

<b>History</b>	AAA-rated International Financial Institution founded in 1991 to meet the challenge of rebuilding the post-communist economies of Central and Eastern Europe
<b>Mission</b>	Foster the transition towards market-oriented economies and to promote private initiatives in countries committed to the principles of democracy
<b>Core values</b>	Investments must meet strict environmental, social, governance and integrity standards, supporting sustainable development and transparency
<b>Shareholders</b>	Includes 67 countries from the Central and Eastern Europe and Southern and Eastern Mediterranean regions, EU member states, G7 members, as well as EIB and EU. China and India became shareholders of the Bank in 2017 and 2018 respectively.
<b>Client sectors</b>	All key economic sectors including financial institutions, infrastructure, energy and the general corporate sector, including agribusiness and telecommunications
<b>Instruments</b>	Long-term market based debt and growth equity financing and technical assistance
<b>Staff</b>	Over 3,100 employees from all member countries, working in sector, product, regional, support and control functions, including about 30% staff in countries of operations
<b>Locations</b>	Headquarters in London, with over 52 resident offices in its 38 countries of operations in Central and Eastern Europe, Central Asia and the Southern and Eastern Mediterranean region

# EBRD's Financing Instruments



	Debt	Equity	Guarantees
<i>Typical size</i>	€1–500 million (average €20 million)		Typically €50k–€50 million
<i>Maturity</i>	Typically 5–7 years Up to 15 years in case of infrastructure investments	Typically from 3–7 years	1 month to 3 years
<i>Currency/terms</i>	Competitive terms; Major FCY; Many LCY; Floating or fixed interest		
<i>Approach</i>	Corporate loans, including w/c   Project loans (max 35%)	Minority stake only	Trade Facilitation Programme with banks
<i>Structures</i>	Senior, subordinated, convertible loans, bonds   Project finance	Tailor made, pure or 'structure' equity	Trade finance guarantees and cash advances
<i>Applications</i>	<ul style="list-style-type: none"> <li>  Expansion and/or modernization capex</li> <li>  Resource efficiency improvements</li> <li>  Ownership change: acquisition, consolidation, privatisation</li> <li>  PPPs, including in renewables</li> </ul>		Guarantee of issuing banks in countries of operations in favour of confirming banks in the rest of the world

*\*For illustration only, exact terms depend on specific needs and market conditions*



**EBRD in  
Ukraine**



# EBRD in Ukraine: at a Glance

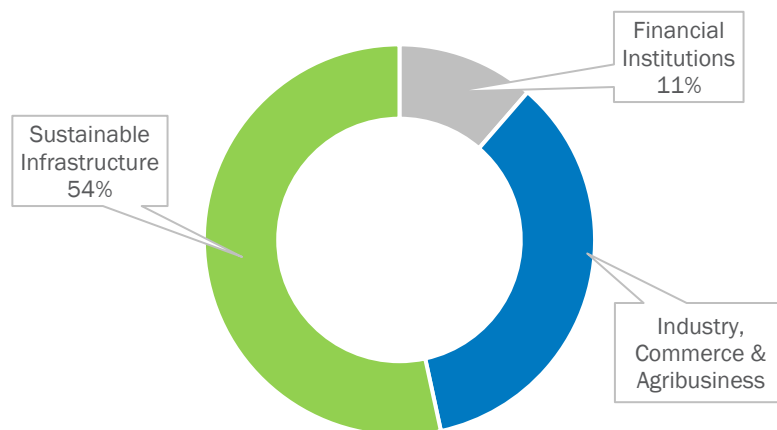
Cumulative EBRD investments as of end-June 2022:

EUR 17.6bn in 516 projects

Current Portfolio:

EUR 4.44bn in active 202 projects

## EBRD Portfolio by Sector



- More than 100 employees
- Offices in Kiev, Kharkiv, Lviv & Odessa
- Business Support Network was established covering 15 regions of Ukraine

## 5 Pillars of Strategic priorities in Ukraine:

- Promoting privatisation and commercialisation in the public sector to increase **competitiveness** and **good governance**
- Promoting the **rule of law, fair competition** in the private sector and support of companies that use best practice
- Strengthening **energy security** through effective regulation, market liberalisation, diversified and increased production and energy efficiency
- Enhancing the **resilience of the financial system** by strengthening Ukraine's banking sector, and by developing capital markets and non-bank finance
- Improving **integration** by facilitating trade and investment, expanding infrastructure links, and supporting convergence with EU standards

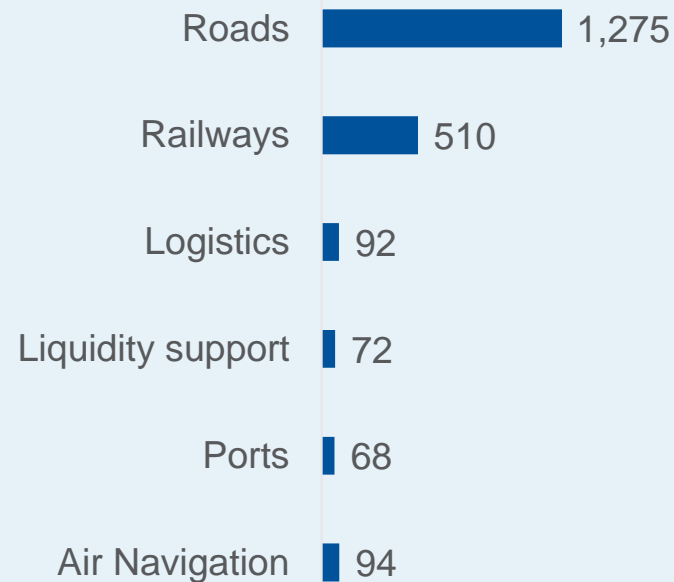


**EBRD in  
Ukrainian  
Infrastructure**

# EBRD Financing in Infrastructure Sector (30 June 2022)

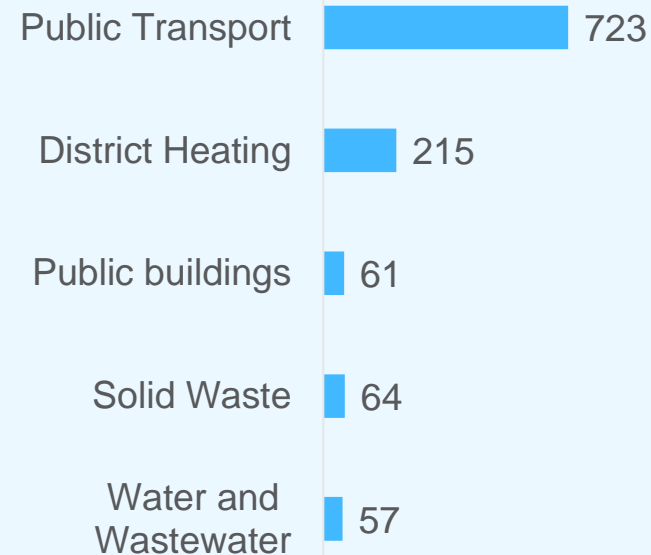
## 84 projects • € 3,231 million

### Transport, EURm



**35 projects** • **€ 2,111 million**

### Municipal and Environmental Infrastructure, EURm



**49 projects** • **€ 1,120 million**

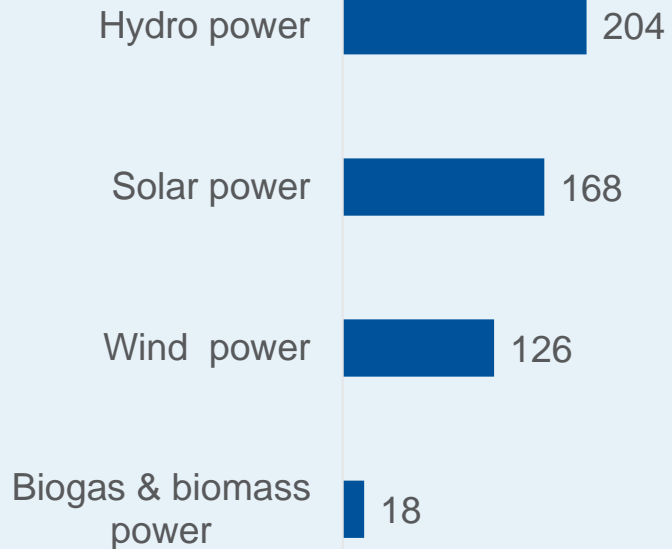




# EBRD Financing in Energy Sector (30 June 2022)

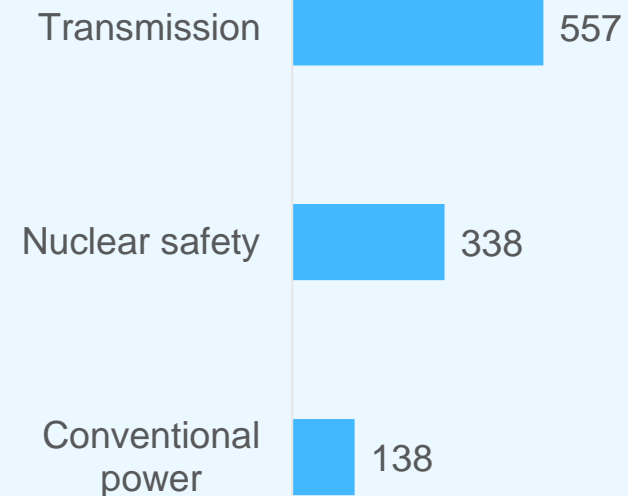
## 37 projects • € 1,549 million

### Renewables, EURm



**28 projects** • **€ 516 million**

### Transmission and Conventional, EURm



**9 projects** • **€ 1,032 million**

### Ownership





# EBRD in Ukraine Infrastructure:

## Key Features

- Working in public, private and municipal sector
- Sovereign, sub-sovereign, corporate and project finance structures
- Support to the key reform initiatives
- Co-financing with the main donors (EU, E5P, bi-laterals) and other IFIs (EIB, WB, IFC, NEFCO).





# Beskyd Railway Tunnel



- Sovereign-guaranteed loan of **USD 40 million** to finance **construction of a new double-track tunnel**; completed in 2018
- Parallel financing from **EIB** of USD 55 million
- Part of the **Pan-European network**; 60% of rail traffic going to Ukraine's western border passes through it
- Existing tunnel built in 1881 in the times of Austro-Hungarian Empire
- **Example of priority projects with good fundamentals that weathered political storms** (Beskyd tunnel navigated through 12 governments and 2 revolutions)

# Neptune Grain Terminal



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- Joint EBRD / IFC financing of USD 74 million to finance greenfield development of a new private grain terminal with capacity of 4.5 million MT in the Port of Yuzhny
- The Terminal is developed as a joint venture between leading international agrotrader Cargill and leading Ukrainian private stevedoring company MV Cargo
- Terminal completed and opened in September 2019
- The project works included construction of the Terminal, dredging of the approaching channel, new berth and railcar park
- Cargill acquired 51% stake at the Terminal in July 2021



# Pilot Concession Projects

- EBRD supported the development of the new **Concession Law** aimed to replace four previously existing laws with consideration of international best practices, EU Directive 2014/23/EU and UNCITRAL Arbitration Rules. In October 2019 the **Law was adopted**
- EBRD together with other IFIs is involved in the **preparation of the pilot concession projects** envisaging redevelopment and upgrade of stevedoring facilities on the territory of state-owned sea ports of **Olvia** and **Kherson**
- **Concession tenders** were launched in September 2019 and are already completed, the winners are **Qterminals**, Qatar (Olvia) and **Risoil Kherson**, a consortium of Risoil S.A. and Petro Oil & Chemicals Ltd. (Kherson)
- The amount of the **committed investment** is up to **EUR 115 million** for Olvia and up to **EUR 11 million** for Kherson
- **Annual concession fee** is EUR 2.6 million + 0.75% of revenues for Olvia and EUR 400K + 7% of revenues for Kherson





Ukraine's  
Restoration  
Plan



# Key Objectives of the Recovery Plan

**Context:** the Russian invasion caused massive disruption of economic activity in Ukraine and damage to infrastructure, environment and livelihoods of Ukrainian people; current estimate of damages is ~\$100bn and growing



Start now,  
ramp up  
gradually



Grow  
prosperity in  
equitable way



Integrate into  
the EU, incl.  
value chains



Build back  
better



Enable private  
investments &  
entrepreneurship



Historically, Ukraine has been lagging Central European peers in terms of economic performance; Target Economic Recovery Plan is a **unique opportunity not just to recover war-related damages**, but to **leap-frog economic growth** and quality of living in Ukraine



# Priority Initiatives of the Recovery Plan

World Bank Human Capital Index: Top-25



-65%<sup>2</sup> CO2 reduction from 1990

Annual GDP growth >7%



Accumulated investment >\$750bn



Economic Complexity Index: Top-25

Public data transparency

- Centralization and digitalization of public registers
- Strengthen transparency and accountability

Rule of law reform

- Finalization of anti-corruption system
- Implementation of legislature re High Qualification Commission
- Implementation of law-enforcement agencies reform

Corporate governance

- Implementation of new corporate governance legislation
- Finalization of corporatization of SOEs
- Centralization of public wealth management funds
- Privatization of non-critical enterprises

Anti-trust

- Synchronization with European best practices
- Professionalization of anti-trust organization

Public service reform

- Align of the public services organizational structure
- Digitalization of key public services
- Development of architecture for climate governance
- Professionalization of the public service

# National Recovery Council: 4 out of 15 recovery programs regard sustainable infrastructure



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4	Energy independence and Green Deal	\$128.3b	<b>4.A. Strengthen integrated energy system resilience</b>	<b>\$14b</b>		
			Transmission: modernisation; intensified ENTSO-E	\$3.1b		2022-2025
			Oil & gas: recovering damages; security; diversification	\$10.9b		
			<b>4.B. Support EU's zero-carbon energy transition</b>	<b>\$114.3b</b>	Partner debt/equity	
			New RES generation, storage and grid facilities	\$34b		2024-2025
			Localisation of gas supply	\$18b		
			Nuclear safety and expansion	\$15.3b		
			Boost of H2 production	\$47b		
9	Logistics	\$116.4b	<b>9.A. Debottleneck logistics with EU</b>	<b>\$2.4b</b>		
			Rail construction, storage logistics, road modernisation	\$1.9b	Partner debt/equity	2022-2025
			Expansion of Danube port throughput	\$0.5b		2026-2032
			<b>9.B. Strengthen interconnectivity of Ukraine</b>	<b>\$114b</b>	Partner grants	
			Liquidation of war damages to logistics	\$35.4b		2022-2025
			Reconstruction of 27,200 km of roads and 3,000 bridges	\$75.7b		2026-2032
			High-speed rail Kyiv-Warsaw and other needs	\$2.7b		2022-2032
10	Modernization of regions and housing	\$229.3b	<b>10.A. Modernise regions: launch housing upgrade program</b>	<b>\$130.2b</b>		
			Energy efficiency and securing supply chain	\$60.2b	Partner debt/equity	2022-2025
			District and individual heating	\$29b		
			Temporary housing and rebuilding damaged housing	\$41b		
			<b>10.B. Ramp-up housing new-build and infrastructure upgrade</b>	<b>\$99.1b</b>	Partner grants	
			Water and wastewater efficiency, capital repairs	\$89.9b		2023-2032
			Upgrade and electrification of city transport	\$1.5b		
			Other programs	\$7.7b		
11	Modernize social infrastructure	\$33.6b	Restoration of damaged facilities	\$3.7b	Private investment and its co-financing	
			Upgrade for energy efficiency and accesibility	\$28.7b		2022-2023
			PPP programs for social infrastructure	\$0.6b		
			Other: spaces for youth, industrial parks	\$0.6b		





# EBRD Immediate Response



## EBRD Approach

- **Strong commitment to stand by Ukraine** and invest EUR 1 billion in 2022 for immediate operational support
- Constructive approach to **forbearance, deferrals** and **restructuring**
- Effective leverage of **donor funding** to meet the urgent needs
- Active **policy engagement** redirected to address immediate challenges, including coordination of humanitarian support, relocation of businesses from conflict areas and damage assessment
- Cooperation with the **Ukrainian Reforms Architecture (URA)** programme, jointly managed with EU, and the **Business Ombudsman Council (BOC)**

## Key Areas of Focus



Vital Infrastructure



Energy Security



Food Security



Trade Finance



Pharmaceuticals

# Ukrenergo liquidity support



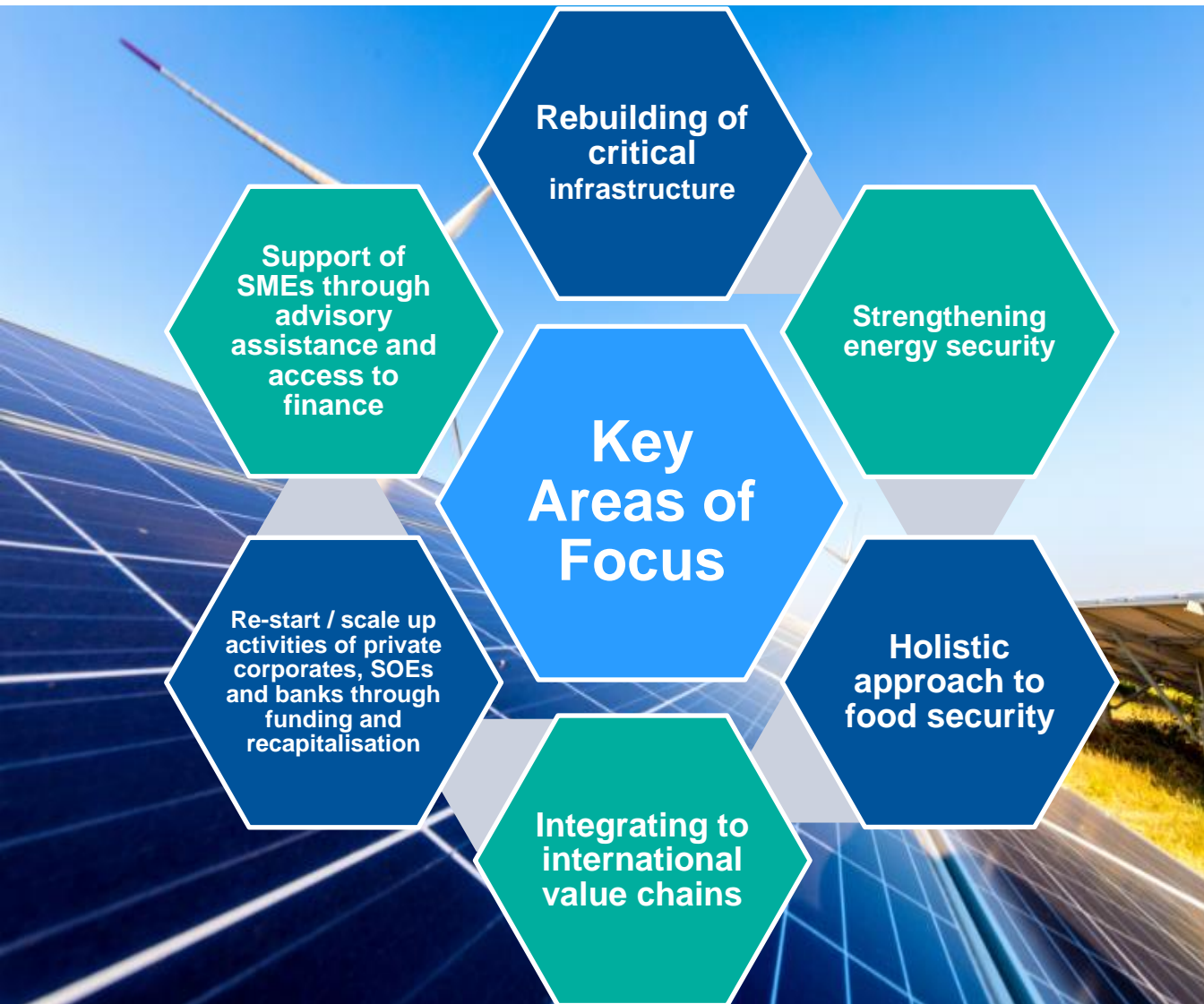
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- Repurposing of **€50 million** of an existing €149-million loan to Ukraine power transmission system operator, Ukrenergo
- The package provides **liquidity support to Ukrenergo during the war**, to secure energy supply in Ukraine
- First loss guarantee provided by the **EU's European Fund for Sustainable Development (EFSD)**
- **Originally** the loan of €149-million was issued in 2019 for **modernization** of the electricity transmission network of Ukrenergo.
- Other projects with Ukrenergo:
  - Project for the construction of a **high-voltage power transmission line** from the Rivne NPP to the "Kyivska" substation (completed)
  - Project for the **construction of a high-voltage power transmission line** from the Zaporizhzhya NPP to the Kakhovska substation





# EBRD Role in Recovery Phase



Help **rebuild investors confidence** and orient the Ukrainian economy towards a modern and sustainable model

Close coordination with **other IFIs and donors** to maximize the impact and ensure efficient and productive use of available resources



# Our Contacts



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for Reconstruction and Development



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