

**Kateryna Klymenko, Ph.D. (Economics)**  
*SESE “The Academy of Financial Management”*  
*Kyiv, Ukraine*

**Nataliia Ukhnal, Ph.D. (Economics)**  
*SESE “The Academy of Financial Management”*  
*Kyiv, Ukraine*

DOI: <https://doi.org/10.30525/978-9934-26-447-4-14>

## **UKRAINE – EUROPEAN INVESTMENT BANK: PROSPECTS FOR PARTNERSHIP UNDER GEO-ECONOMIC CONVERGENCE**

The cooperation between the European Investment Bank (EIB) and Ukraine is an important element in supporting the country’s economic development and stabilization. The EIB is actively investing in a variety of projects that contribute to the modernization of infrastructure, environmental improvements, development of the energy sector and support for small and medium-sized enterprises (SMEs). Since the start of Russia’s large-scale aggression, the EIB has continued to actively support Ukraine, increasing the amount of funds allocated. Cooperation with the EIB provides an opportunity to obtain credit resources on the most favourable terms for the development of key economic sectors and infrastructure, as well as for systemically important structural reforms.

The EIB actively cooperates with the Ukrainian government, local authorities and the private sector to promote sustainable economic development and Ukraine’s integration into the European economy. The EIB was established in 1957, which has EU27 shareholders. The EIB not only carries out lending activities, but also acts as the largest borrower of funds in the international financial capital markets. Since 2004, Ukraine has been cooperating with the EIB to create a regulatory framework to attract its resources for the implementation of infrastructure, energy, environmental and other investment projects. As of 01.05.2024, the total amount of financial resources provided by the EIB in Ukraine, both in the public and private sectors, is more than EUR 7.5 billion. To date, the EIB’s project portfolio in the public sector comprises 25 projects worth EUR 5.2 billion, of which 23 projects are under implementation with a total volume of EUR 4.81 billion; EUR 2,848.86 million has been disbursed under these projects,

including EUR 1,722.6 million in 2022 and EUR 261.74 million in 2023 [1].

Following the approval EUR 50 billion by Ukraine Facility [2], the EIB continues to play a special role. The programme is aimed at restoring, reconstructing and modernizing the country over the period 2024–2027. Under the Ukraine Facility, the EIB is committed to investing EUR 2 billion to support critical public sector and private sector growth projects, and to strengthen advisory services. A key task is to ensure that this financial support reaches the target beneficiaries, the citizens of Ukraine, and is used for its intended purpose without fraud or corruption.

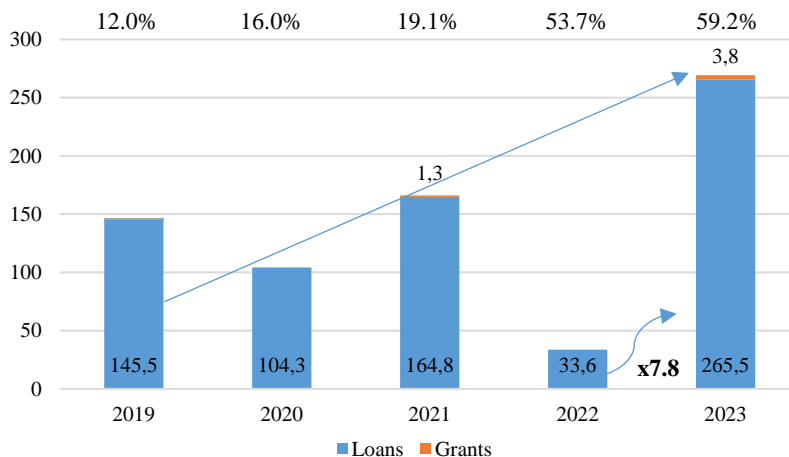
According to Jean-Erik de Zagon, Head of the EIB Regional Hub for Eastern Europe, cooperation with the EIB means that European standards are being established in Ukraine. This is a marker for investors that signals that Ukraine is able to comply with international standards in its work and offer high-quality projects that require investment [3].

In 2024, Ukraine will receive EUR 560 million for projects in the energy sector, transport infrastructure, housing rehabilitation, and projects that will support economic recovery and Ukrainian business. It is planned to accelerate work on ongoing projects and focus on preparing new EIB investments in critical public and private initiatives. The Memorandum will contribute to Ukraine’s rapid recovery and bring us closer to the European Union [4].

In May 2024, the Government approved a decision that will allow two Ukrainian banks (ProCredit Bank and Ukrgasbank) to receive up to EUR 30 million from the EIB to support SMEs by improving the terms of concessional lending.

The Ministry of Finance of Ukraine and the EIB conducted the first review of the loan portfolio of joint projects in 2024. Thanks to the fruitful cooperation between the Ukraine and the EIB, in 2023, the investment component of the projects attracted more than EUR 261 million, which is twice as much as in 2021 and 8 times more than in 2022 (Figure 1–2). The investment selection in 2023 was the largest in the years of cooperation with the EIB. 11 projects are aimed at supporting transport infrastructure, 5 initiatives are being implemented in the municipal sector, including social infrastructure rehabilitation projects, the energy sector includes 4 investment projects, 2 – in education, and 1 – aimed at supporting and modernizing the logistics network of Ukrposhta JSC. In addition, a number of reconstruction and recovery projects are being implemented in cooperation with the EIB,

including the Emergency Loan Programme for the Restoration of Ukraine and the Ukraine Recovery Programme, which aim to effectively and, most importantly, timely reconstruct the social infrastructure of local communities in Ukraine, including educational and healthcare facilities, affected by the armed aggression of the Russian Federation [5].



**Figure 1. The dynamics of the EIB's investment disbursement, million euros**

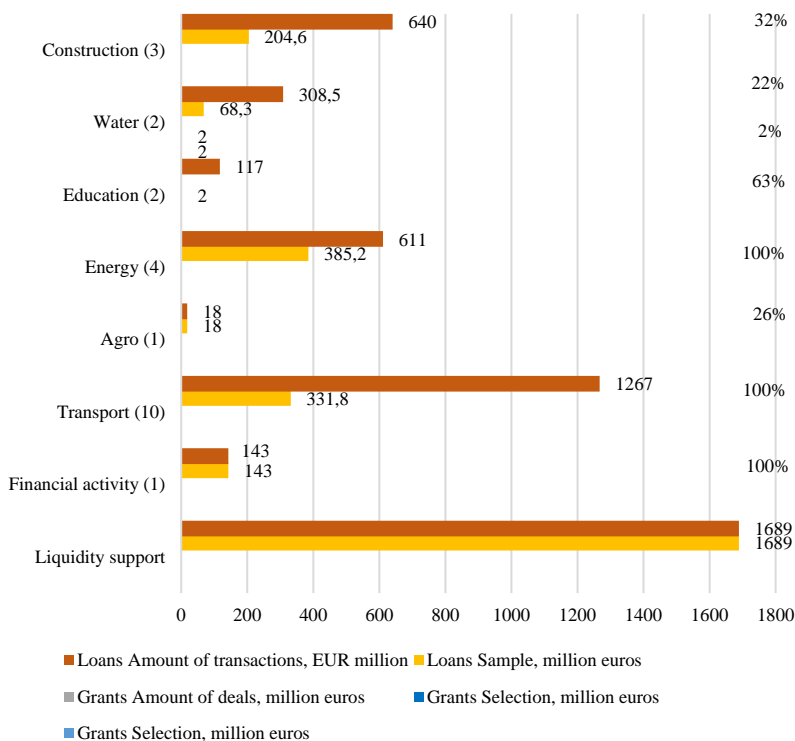
Note: Percentages are calculated based on the investment disbursement

Source: Ministry of finance of Ukraine

It is important to focus not only on addressing immediate needs but also on building program and institutional capacity, as well as attracting funding. This will ensure that successful programs can be quickly rolled out to increase international investor interest in Ukrainian businesses. Engaging donors early to ensure financial commitments for 2025 should be included in the financial planning strategy to sustain the progress of implementing programs introduced in 2024 [6].

The cooperation between Ukraine and the EIB continues to develop dynamically in various areas, taking into account the current challenges and tasks in the context of the war. The EIB actively finances projects to restore lighting, waste management and energy efficiency, which contributes to improving the quality of life of citizens. An important aspect of cooperation is supporting the agricultural sector by investing in large and medium-sized agricultural enterprises, promoting their

development and modernization. In the context of the war in Ukraine, the EIB demonstrates a high level of responsibility by providing financial support for the reconstruction of destroyed facilities and infrastructure. This contributes to economic recovery and improves the socio-economic situation in the affected regions. Cooperation between Ukraine and the EIB takes place in the context of the country’s overall European integration aspirations, which contributes to the implementation of strategic goals and stimulates sustainable positive changes in various spheres of society [7].



**Figure 2. EIB’s total investment disbursement by sector**

*Note: Percentages are calculated based on the investment disbursement*

*Source: Ministry of finance of Ukraine*

Further research on this topic would involve the development and adoption of a coordinated and well-founded Medium-Term Strategy for

Cooperation with the EIB and Ukraine. This strategy should be well thought out and based on a comprehensive model of rule of law principles and sectoral legal frameworks, identifying priority areas of cooperation and specific objectives. The Strategy should include the purpose and principles of cooperation, analysis of problematic aspects of cooperation with the EIB, stages and measures for implementing the Strategy, expected results, a plan (map) of step-by-step measures, definition of certain indicators, outlined risk management and financial support for its implementation.

### References:

1. European Investment Bank. URL: <https://mof.gov.ua/uk/eib>.
2. Ukraine Facility. URL: <https://www.ukrainefacility.me.gov.ua>
3. Cooperation between the EIB and Ukraine: a lecture by Jean-Eric de Zagon. URL: <https://knu.ua/news/13195>
4. Ukraine to receive EUR 560 million from the EIB this year. URL: <https://finclub.net/ua/news/ukraina-otrymaie-560-mln-ievro-vid-yeib-tsohorich.html>
5. Olga Zykova: Investments in Ukraine's critical infrastructure, logistics and energy sector are a priority in our cooperation with the EIB. URL: [https://www.mof.gov.ua/uk/news/olga\\_zykova\\_investments\\_in\\_the\\_critical\\_infrastructure\\_logistics\\_and\\_ukraines\\_energy\\_sector\\_are\\_among\\_the\\_priorities\\_in\\_cooperation\\_with\\_the\\_eib-4595](https://www.mof.gov.ua/uk/news/olga_zykova_investments_in_the_critical_infrastructure_logistics_and_ukraines_energy_sector_are_among_the_priorities_in_cooperation_with_the_eib-4595)
6. The Ministry of Economy and the EIB are working together to provide affordable financing for Ukrainian business, – Yulia Svyrydenko. URL: <https://www.kmu.gov.ua/news/minekonomiky-spilno-z-ieib-pratsiuiut-nad-zabezpechenniam-dostupnoho-finansuvannia-dlia-ukrainskoho-biznesu-ii-liia-svyrydenko>
7. Newest vectors of cooperation between Ukraine and the European Investment Bank. *Modern financial policy of Ukraine: problems and prospects*: materials of the XI All-Ukrainian scientific and practical online conference of students, graduate students and young scientists (Kyiv, 7 December 2023) / Borys Grinchenko Kyiv University. Kyiv, 2023. P. 101–105.