# Preparing long-term support for Ukraine

In 2023, the EBRD took a major step towards securing the capital it needed to support Ukraine for the duration of the Russian-led war and into the period of reconstruction.

EBRD shareholders agreed to a €4 billion increase in paid-in capital, giving the Bank the financial strength to carry on backing Ukraine into 2024 and beyond.

The move is a robust response to the conflict, which has lasted longer than expected, and readies the Bank for a period of recovery and reconstruction likely to cost hundreds of billions of euros.

Bolstered by the additional capital, the EBRD will be able to continue providing Ukraine with a sustained level of annual investment of around €1.5 billion during wartime and up to €3 billion per year to finance reconstruction.

By the end of 2023 the EBRD had more than honoured its commitment to invest €3 billion in Ukraine in the two years since the conflict began in February 2022, deploying €3.8 billion over the period and €2.1 billion in 2023 alone.

As in 2022, EBRD financing in Ukraine in 2023 targeted both the public and private sectors, with a continued focus on core priorities: energy security, vital infrastructure, food security, private-sector resilience and trade facilitation.

Bank investment included new financing, grants and the repurposing of previously undisbursed commitments, with loans for working capital and capital expenditure, as well as trade finance and credit-enhancement instruments to underwrite new risk.

In the public sector, the EBRD worked to enhance Ukraine's key export sector, helping to keep open major transport links to the EU. The work included €200 million in financing for Ukraine railways, a €182 million loan for upgrades to the Lviv to Rava-Ruska road, and extensive technical assistance for the optimisation of transport logistics, all in line with the European Solidarity Lanes initiative.

The EBRD agreed a number of important energy security deals for Ukraine, including a €200 million loan to gas utility Naftogaz to build up strategic gas reserves, and a €150 million loan to electricity company Ukrenergo to support the continued functioning of the power transmission infrastructure and uninterrupted operations of electricity generators.

Overall, in 2023, the EBRD funnelled more than €600 million into the country's private sector, enhancing its resilience. It finalised 49 projects in various sectors, including loans to small and medium-sized enterprises (SMEs).

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Financing for food security in Ukraine in 2023 totalled €577 million, including direct financing from the EBRD as well as via the banking system.

The EBRD concluded 11 transactions with local partner financial institutions worth a total €217.5 million, aiming to encourage up to €660 million in new lending by partners, thanks to the Bank's Resilience and Livelihood Guarantees, an unfunded portfolio risk-sharing instrument.

Critically, the EBRD continued to support a steady flow of essential goods and services to Ukraine through the Trade Facilitation Programme (TFP) with local banks, with total turnover of €472 million for the year.

In 2023, donors provided approximately €400 million in concessional resources to be deployed in Ukraine, in addition to the approximately €1.2 billion provided in 2022.

A key priority remained the development of human capital, both during the war and in a future period of reconstruction. The EBRD assisted employers in reintegrating war veterans back into the workplace, while also helping to address skills-related gaps and promote the inclusion of refugees in neighbouring countries.

The Bank continued its work on derisking tools in Ukraine, including an insurance facility for maritime vessels and inland cargo transportation.

The EBRD also continued to engage in policy reform in critical areas such as corporate governance, anti-corruption measures, energy security and energy efficiency.

These reforms are administered through the Ukraine Recovery and Reform Architecture (URA) programme, an initiative deployed by the Bank and the EU to foster home-grown reforms within Ukraine. Under this programme the EBRD also provided support to Ukraine for its journey towards EU membership.

URA experts assisted the government with analysis and coordination, including on the question of implementing the country's EU accession commitments. The government has tasked the Reform Delivery Office of the URA with helping the Secretariat of the Multi-Agency Donor Coordination Platform to coordinate international economic and financial assistance for Ukraine.

## Case studies

### Upgrading Ukraine's railway links to the EU, maintaining vital services for all

A €200 million financing package for Ukraine Railways is upgrading rail links to the EU and maintaining the flow of vital services to people and businesses. EBRD funding, guaranteed by donors, will rehabilitate key railway corridors on the EU borders and finance rolling-stock procurement to increase capacity in the face of continued stresses caused by Russia's invasion.

### Expanded rail terminal near Poland boosts grain and containerised cargo capacity

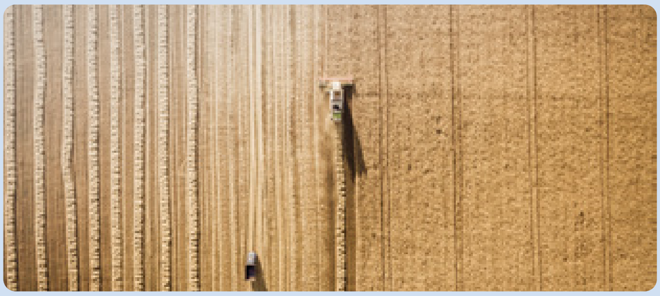
A loan to Ukrainian agribusiness firm Agrosem will finance the expansion of a rail terminal near the Ukrainian-Polish border, increasing the capacity for grain and containerised cargo and improving the country's transport links to the EU. The project will also help Agrosem maintain the productive capacity of its employees. It includes a technical-cooperation component to address staff resilience, including mental health issues.

## Case studies

**Strengthening Ukraine's crucial edible oils sector, helping to maintain exports**

The provision of working capital to leading Ukrainian agribusiness company MHP ensured the company could buy in sunflower seeds to produce oil for export, a key plank of Ukraine's economy. The EBRD financing helped maintain the livelihoods of MHP employees and of oilseed suppliers in Ukraine.

**Helping a key Ukrainian agribusiness group weather the storms of war**



With the provision of essential capex and working capital to key Ukrainian agro-industrial holding Astarta, the EBRD made sure the company could sustain its operations and maintain production volumes and export levels, underpinning food security and the availability of commodities despite problems caused by Russia's invasion.

**New EBRD guarantees for partner financial institutions support continued lending to firms**

The EBRD continued its cooperation with ProCredit Bank Ukraine, supporting its lending to critical industries to help maintain jobs and strengthen private-sector resilience during the war. A €7.5 million guarantee to back up to 50 per cent of the risk on €30 million of new financing was the latest in a series of such transactions with ProCredit and other banks, bringing the total cumulative volume of EBRD-enabled financing delivered under similar financial-sector guarantees to €883 million at the end of 2023.

**Supporting the integration of Ukrainian war veterans back into the workplace**

EBRD investments in two of Ukraine's biggest employers, agribusiness firm MHP and oil and gas group Naftogaz, included technical support to integrate veterans back into the workplace, providing jobs for former or existing employees, as well as for new recruits, returning from the conflict. The programme also provided support to family members and co-workers.

**Helping Dnipro deal with the influx of refugees as war persists**

A €25 million loan to Dnipro aims to help the Ukrainian city deal with the impact of the war, especially the inflow of internally displaced persons fleeing the conflict. The delivery of emergency liquidity is guaranteeing that vital municipal infrastructure continues to function.