



Supporting Ukraine through war and recovery

26th April 2023



European Bank
for Reconstruction and Development

EBRD – Who we are



European Bank
for Reconstruction and Development

Established

1991

The EBRD is owned by

71 countries

from five continents, as well as the European Union and the European Investment Bank. These shareholders have each made a capital contribution, which forms our core funding.

Capital base

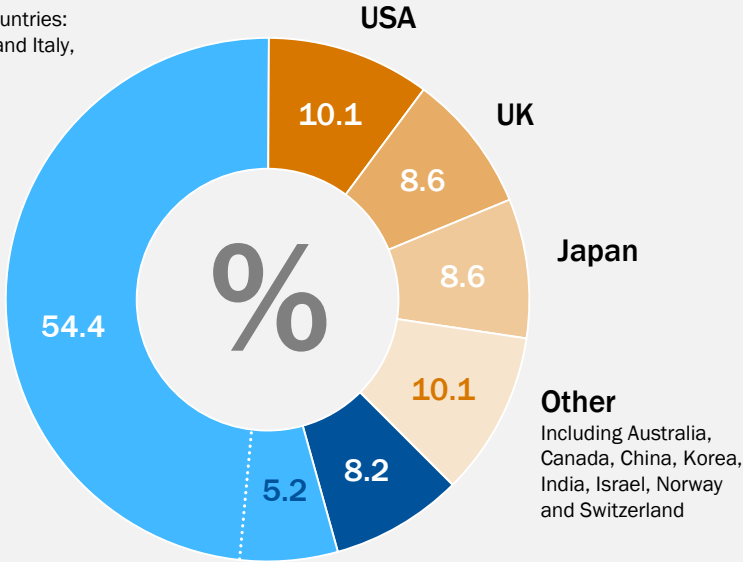
€30 billion

Triple-A rating

from all three main rating agencies (S&P, Moody’s and Fitch)

EU27 countries

Includes European Union and European Investment Bank (EIB) each at 3%.
Among other EU countries: France, Germany, and Italy, each holds 8.6%



EBRD recipient countries

Who are members of the EU

EBRD recipient countries

Not members of the EU
Includes Russia at 4%*

As at April 2022

For a full list of the shareholding of the EBRD visit: www.ebrd.com/shareholders

*The EBRD has excluded the Russian Federation and Belarus from receiving funding for projects or technical cooperation, following the invasion of Ukraine.

Central Europe and the Baltic states

- 01 Croatia
- 02 Czech Republic
- 03 Estonia
- 04 Hungary
- 05 Latvia
- 06 Lithuania
- 07 Poland
- 08 Slovak Republic
- 09 Slovenia

* The EBRD has excluded Russia and Belarus from receiving funding for projects or technical cooperation, following the invasion of Ukraine.

Southern and eastern Mediterranean

- 30 Egypt
- 31 Jordan
- 32 Lebanon
- 33 Morocco
- 34 Tunisia
- 35 West Bank and Gaza

South-eastern Europe

- 10 Albania
- 11 Bosnia and Herzegovina
- 12 Bulgaria
- 13 Kosovo
- 14 Montenegro
- 15 North Macedonia
- 16 Romania
- 17 Serbia

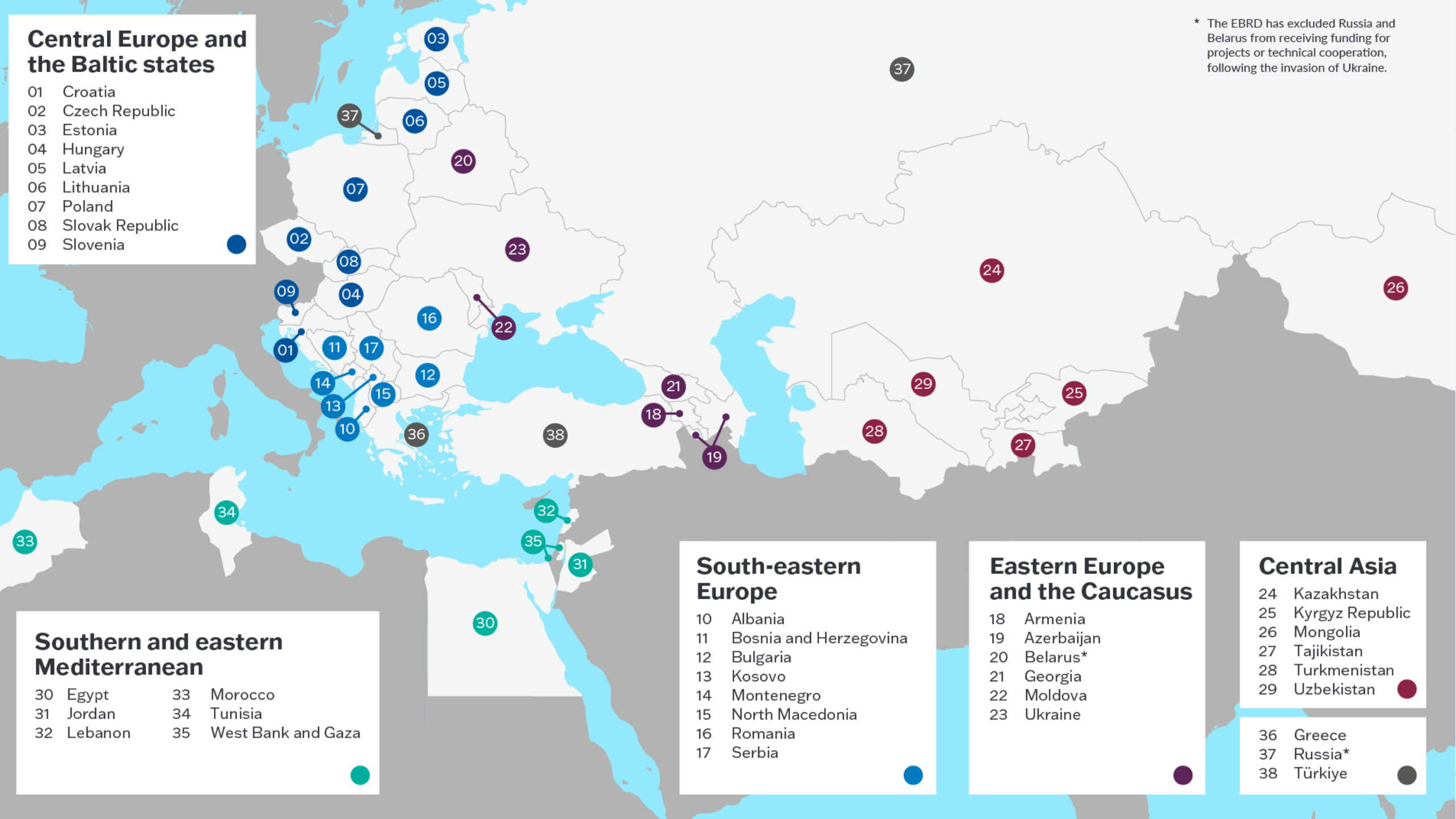
Eastern Europe and the Caucasus

- 18 Armenia
- 19 Azerbaijan
- 20 Belarus*
- 21 Georgia
- 22 Moldova
- 23 Ukraine

Central Asia

- 24 Kazakhstan
- 25 Kyrgyz Republic
- 26 Mongolia
- 27 Tajikistan
- 28 Turkmenistan
- 29 Uzbekistan

- 36 Greece
- 37 Russia*
- 38 Türkiye

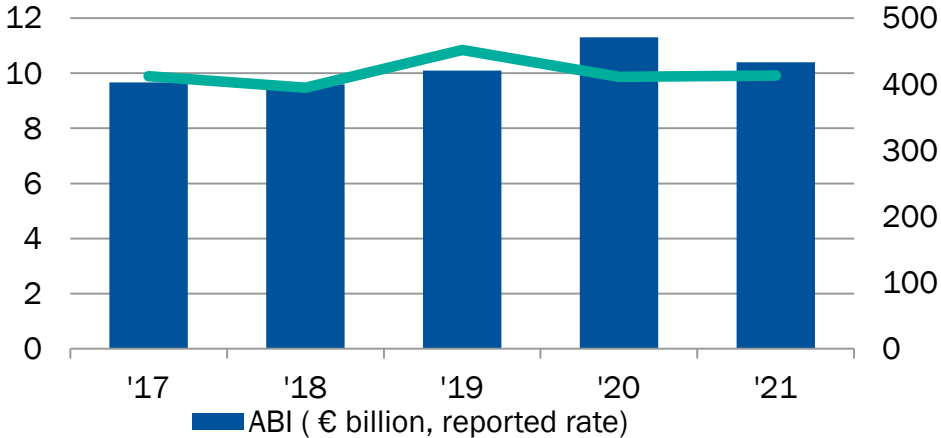


EBRD – Where we invest

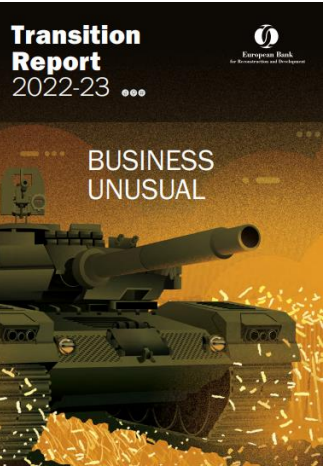


European Bank
for Reconstruction and Development

Annual Bank Investment and Operations



As at December 2021



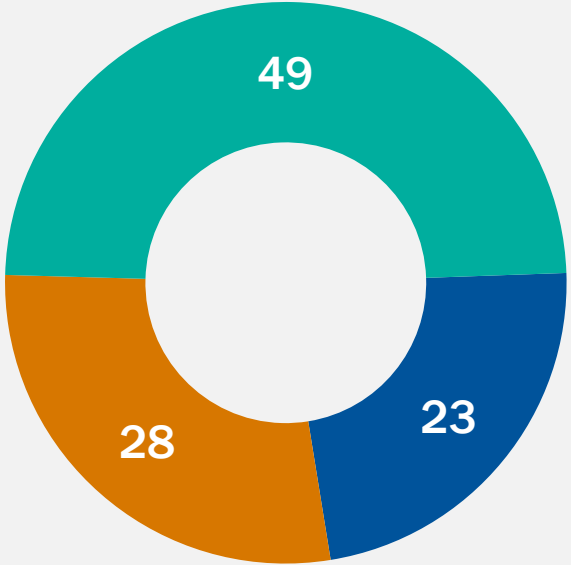
EBRD seeks to foster the transition to an open market-oriented economy and to promote entrepreneurship in the economies where it invests.

Our 2022 Transition Report focused on the aftershocks of the global Covid-19 pandemic and the war in Ukraine.

Sectors

Sustainable infrastructure

Municipal and environmental infrastructure, Energy and Transport



Industry, commerce and agribusiness

Equity Funds, Agribusiness, Information and communication technologies, Property and tourism, Manufacturing and services, Natural resources

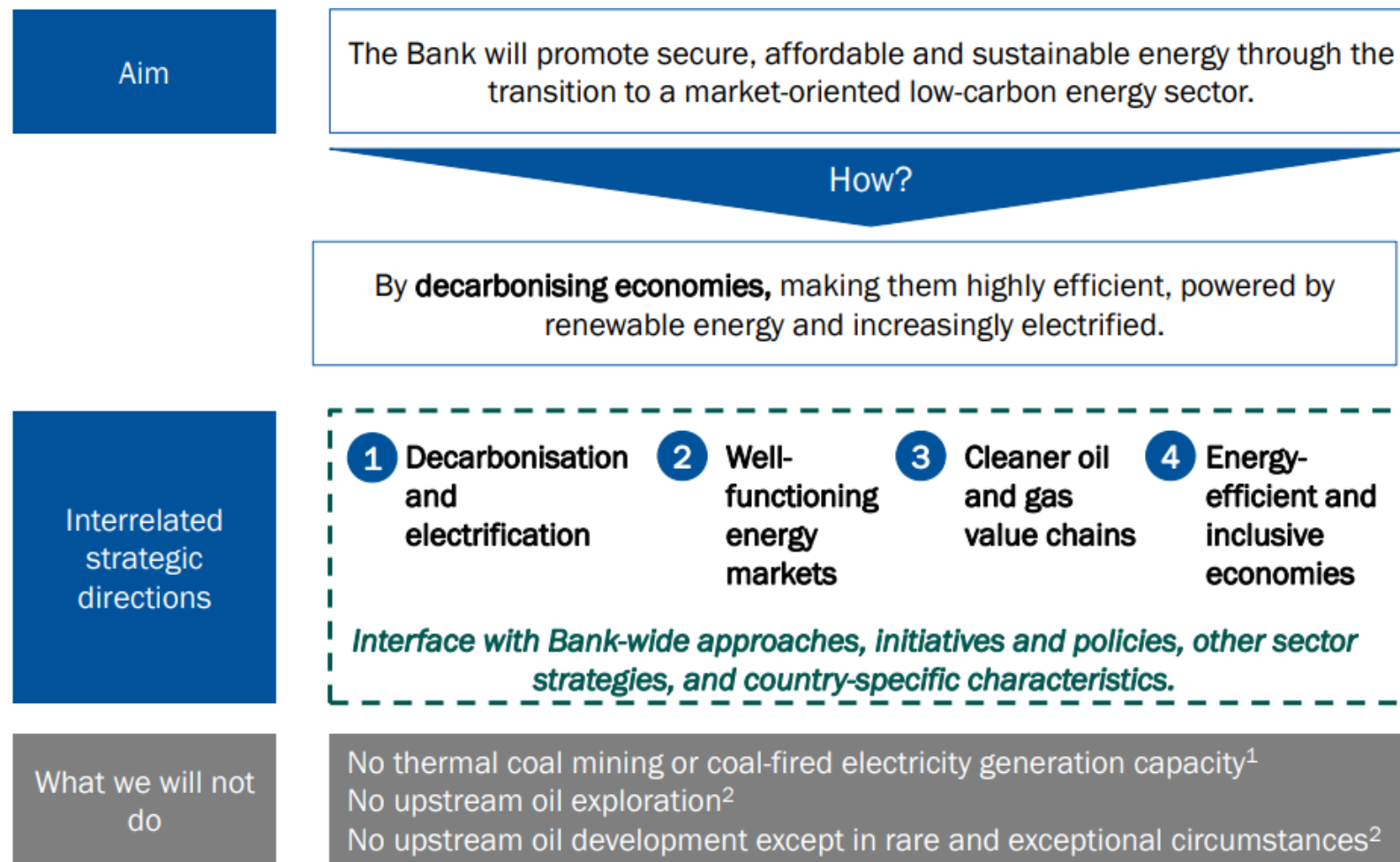
Financial institutions

Bank lending, Bank equity, Small business finance, Insurance and financial service

EBRD Energy Strategy 2019 – 2023 Strategic Direction



European Bank
for Reconstruction and Development



From end 2022, EBRD is now fully aligned with the Paris Agreement.

EBRD is in the process of drafting its new Energy Sector Strategy for the next five-year window, covering 2024-2028.

Agenda for today



European Bank
for Reconstruction and Development

- 1. EBRD support to critical infrastructure companies during the war**
- 2. Ukraine Reform Architecture and the Energy Aid Platform**
- 3. Reconstruction of the energy sector in Ukraine after the war**

The EBRD and the war on Ukraine



European Bank
for Reconstruction and Development

Our **Resilience and Livelihoods Framework** will help in countries directly affected by inflows of Ukrainian refugees.

The EBRD had previously declared its unwavering support to Ukraine and its people, and condemned the aggression by the Russian Federation and Belarus.

Within Ukraine, the Resilience and Livelihoods Framework will focus on four main elements:

1. **Payment deferrals**, debt forbearance and restructuring
2. **Trade finance**, including for fuel imports
3. **Emergency liquidity finance**, in coordination with partners
4. **Emergency reform support**, to support the Ukrainian authorities with immediate legislative and regulatory interventions

In the **neighbouring countries** taking in refugees, the Framework will concentrate on:

1. **Energy security**, including through emergency energy purchases to compensate for loss of imports from Russia and Belarus
2. **Municipal services** and livelihoods for displaced persons, with the United Nations saying two million people have now fled Ukraine
3. **Trade finance**
4. **Provision of liquidity** for small and medium sized enterprises

The Framework could also be extended more widely to cover other countries with particular concerns over energy security.

EBRD focus on supporting the reconstruction of Ukraine



European Bank
for Reconstruction and Development

THE EBRD'S ROLE IN UKRAINE



Our commitment to Ukraine

The EBRD is supporting Ukraine and its real economy when the country needs it most – in the here and now.

We are committed to providing €3 billion of financing over 2022-2023 to help keep Ukraine's businesses and economy functioning.

In 2022 we deployed €1.7 billion in support of Ukraine. In addition €200 million was also directly mobilised from partner financial institutions. We wouldn't have been able to do all this without the generous grants and guarantees provided by donor partners – more than €1 billion for Ukraine in 2022.

We have been operating in Ukraine for over three decades and are the largest institutional investor there.

€3 billion
Financing committed over 2022-2023

€1.7 billion
Deployed in 2022

€200 million
Mobilised from partner financial institutions

The story so far

529
projects in Ukraine

€18,096 million
cumulative EBRD investment

€4,670 million
current portfolio of projects

The EBRD is the largest
institutional investor in Ukraine

As of December 2022



On a visit to Kyiv, EBRD President Odile Renaud-Basso told Ukraine's President Volodymyr Zelenskyy of the Bank's determination to support Ukraine against Russia's aggression.



Our response to the war

The EBRD strongly condemned the Russian invasion from the start, and our response was immediate and wide-ranging, channelling finance and assistance where needed most.

We have continued to disburse funds to clients, for example by providing working capital, and enhanced our Trade Facilitation Programme to provide extra support for the import and distribution of essential goods.

Our support for Ukraine targets five main areas:

- ▶ Trade finance
- ▶ Energy security
- ▶ Vital infrastructure and provision of liquidity to municipalities
- ▶ Food security
- ▶ The private sector.

Portfolio Composition



- EBRD Governors support new financial backing for the Bank at the AGM
- Scope of EBRD support for Ukraine, and on a potential paid-in capital increase
- It will be submitted to governors for a final decision by the end of 2023.

EBRD's response to the war on Ukraine focused on urgent liquidity financing and restructuring of existing loans with SOEs



European Bank
for Reconstruction and Development

With an overall commitment of **EUR 3.0 billion** in 2022-2023 – **total investments in Ukraine are expected to amount to EUR 1.5 billion by 2022 year end**, including support to:



Vital Connectivity with Ukrainian Railways

- **Repurposed EUR 149 million** of the existing undrawn commitment to state railway cargo and passenger transportation provider that allowed to address critical liquidity needs, ensuring **vital railway transport services are available** for people and business affected by the war



UKRENERGO
National power company

Energy Security with Ukrenergo

- **Provided liquidity support of EUR 147 million** in two tranches to enable the stable functioning of the Ukrainian electricity grid, inject liquidity via Ukrenergo into generation businesses, including renewables, and maintain power supplies to industries and households.
- **Approved an additional EUR 370 million** to finance the emergency procurement of new equipment and provide capital structure support funding to restore the functioning of the high voltage transmission grid.



Critical Gas Purchases with Naftogaz

- **Put in place a financing package worth just under EUR 500 million** to assist Naftogaz (NAK) in acquiring gas for two annual gas purchase and supply cycles, securing heating for households, schools and offices; producing electricity and maintaining economic activity.

EBRD is now committed to scale technical assistance to help Ukrainian SOEs through the war and to improve governance for recovery



European Bank
for Reconstruction and Development

Building Blocks

Description



S4U Pillar- Resilience and Recovery Support

“Wartime” Assistance: On-demand support with crisis management, contingency planning, debt management, procurement, supply chain management, corruption risk mitigation.



SMART- State Ownership Reform

“Peacetime”/Recovery Assistance: Helping State Property Fund, Ministry of Economy with ownership function reform and review of SOE corporate governance regulatory/institutional framework. Support to operations of SOE Nomination Committee.



SMART- Sector Reform

“Peacetime”/Recovery Assistance: Enabling reform of market structures via independent regulation, including via review of tariffs and public service contract.



SMART- Company Reform

“Peacetime”/Recovery Assistance: Tailored Corporate Development Programs and Corporate Governance Action Plans helping EBRD clients with corporate transformation goals in line with broader reforms.

Agenda for today



European Bank
for Reconstruction and Development

- 1. EBRD support to critical infrastructure companies during the war**
- 2. Ukraine Reform Architecture and the Energy Aid Platform**
- 3. Reconstruction of the energy sector in Ukraine after the war**

Ukraine Reforms Architecture(URA): Overview



European Bank
for Reconstruction and Development



A comprehensive framework for strengthening capacity of Ukraine's government to carry out sectoral reforms and PAR.

URA Objectives

- Support GoU in the design and implementation of key reforms
- Support institutional restructuring and capacity development in URA host institutions

URA In A Nutshell



≈ 200
experts



> 30 reform
areas



9 host
institutions



56% / 44%



Established in 2016

The Challenge: Ensuring Timely and Transparent Distribution of Aid



European Bank
for Reconstruction and Development



129 affected energy enterprises

15,000+ registered aid requests



40 types of reports generated



Google Spreadsheet used to collect and process data

84 donor entities



from **29** countries

78,000+ items received

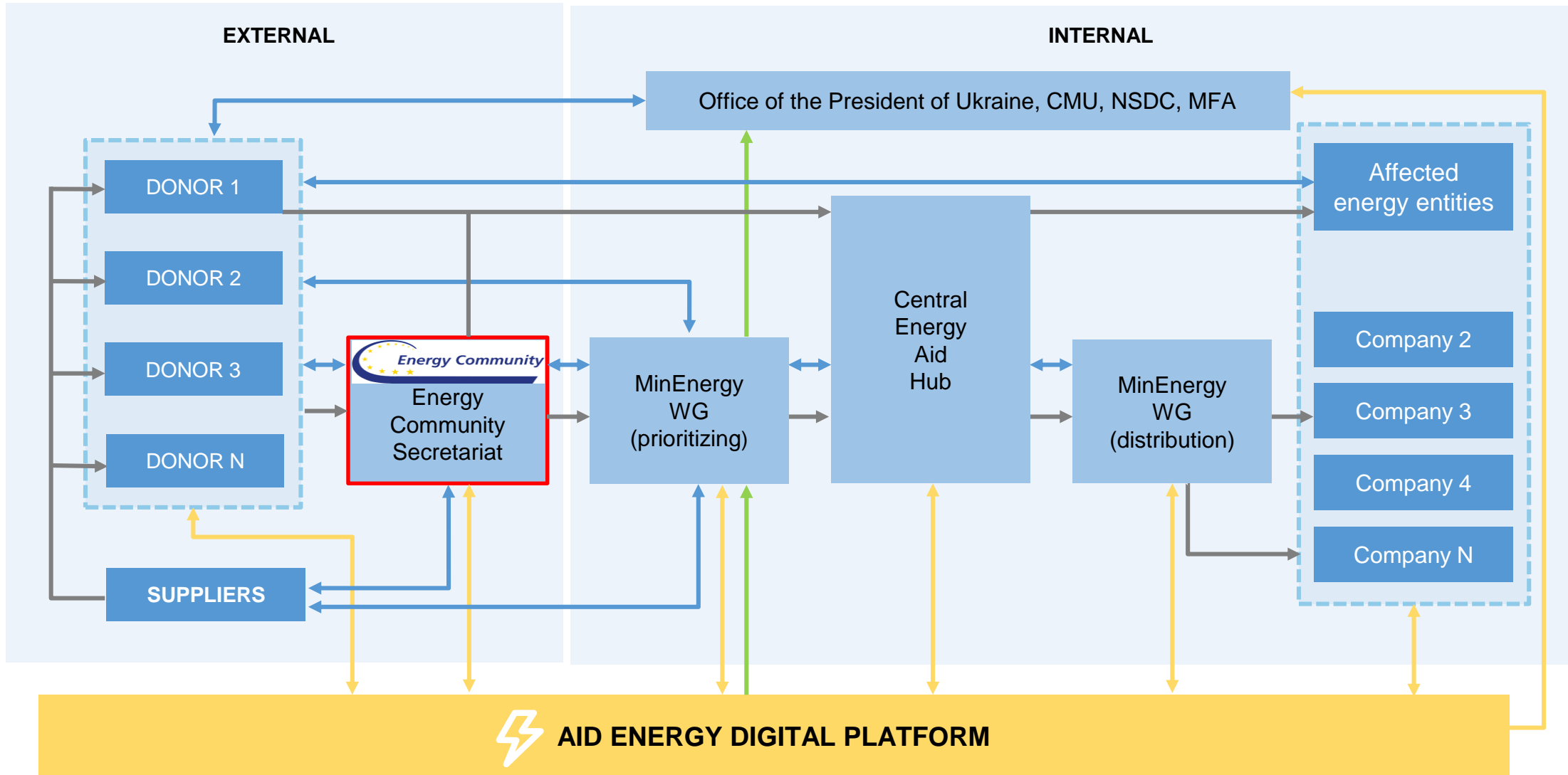
5,051 tons of aid received



361 cargoes

240% ↑ increase in Nov-Jan following attacks on critical infrastructure

Automating Aid Management A to Z



→ Flow of communication
 → Flow of equipment and material
 → Interaction with the platform
 → Reports

Agenda for today



European Bank
for Reconstruction and Development

- 1. EBRD support to critical infrastructure companies during the war**
- 2. Ukraine Reform Architecture and the Energy Aid Platform**
- 3. Reconstruction of the energy sector in Ukraine after the war**

Going Forward: Rebuilding a Mid Term vision for the energy sector that can attract investments in recovery and reconstruction



European Bank
for Reconstruction and Development

- ❑ Ukraine will need to mobilize an unprecedented amount of investments to rebuild the energy and heating sectors
- ❑ Today investors are unwilling to invest in the country due to the war uncertainty and economic challenges
- ❑ Preparatory work for creating a sustainable investment framework for reconstruction should start already now

NECP for Reconstruction

- Creates consensus for a long term view for sector development;
- Consolidates different work streams into a single strategic document;
- Provides flexibility for unprecedented and fast changing situation,

Pillars for a sustainable investment framework for reconstruction

- Address immediate needs of energy and heat assets, network restoration and **energy security**
- Increase physical **interconnection with the EU** and implement EU acquis in national legislation to create opportunities for increased cross-border trade
- **Build back better** by moving capex infrastructure investments towards resilient and low carbon energy solutions
- Recreate a **positive investment climate** in the energy sector by de-risking investments and introducing competitive and transparent market mechanisms and regulations

EBRD/IFIs Support

- Emergency and Infrastructure investments
- Policy and capacity for reforms implementation (like RSTs)
- Address investment barriers – develop structures to de-risk investments with donor finance mobilization
- Work with SOEs

Thank you for your attention



European Bank
for Reconstruction and Development

Giuseppe Grimaldi

Head of Sector Reforms team

Email: grimaldg@ebrd.com

