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The Importance and Prospects of International Financial Institutions' Assistance in the Country's Recovery

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ANNOTATION. The article emphasizes that significant amounts of financial support to Ukraine, including by international organizations and individual states, require constant professional analysis, identification of appropriate financing instruments and development of a unified approach to effective attraction of such support at the state level. The author emphasizes that the lack of a holistic vision of the mechanism for attracting and channeling international assistance to Ukraine's needs, as well as the absence of a single coordinated position of the Ukrainian side in terms of mobilizing external financing for the country's economy and clear coordination of donors' activities, requires appropriate government action to comprehensively address these issues. The volume, dynamics, and structure of financial assistance provided by international financial organizations with which Ukraine cooperates are assessed. First of all, this concerns effective cooperation with the International Monetary Fund, which is one of the levers of maintaining the country's financial stability in times of war and the third largest partner of Ukraine in terms of financial assistance after the EU and the United States. At the same time, the IMF insists on the need to strengthen the country's domestic financial capacity. The World Bank Group's assistance is equally large, but more diversified: support for the public sector, sustainable public administration, balancing Ukraine's currency and financial position, support for education, healthcare, pensions, financial assistance to internally displaced persons, support for social assistance programs, etc. The article highlights the priority areas of support for Ukraine by the European Bank for Reconstruction and Development during the war: energy security, infrastructure, food security, business support and trade finance. The EBRD is identified as the largest investor in Ukraine, which currently has a portfolio of promising projects. The article also shows the contribution of the European Investment Bank and the Council of Europe Development Bank in supporting Ukraine during the war, and describes large-scale projects of the State Bank of the German Government (more than 10 investment projects) and the International Financial Institution Nordic Environment Finance Corporation (restoration of water supply in Mykolaiv, rebuilding community infrastructure, etc.). The article analyzes possible ways to reduce the cost of credit resources for Ukraine from international financial institutions and the possibility of speeding up the process of preparing new projects to finance important areas of economic development for the country. In the context of the ongoing war, the issue of organizing the process of providing public authorities with constant monitoring, analysis of the amount of assistance provided to Ukraine by international organizations and individual states, as well as forecasts of the prospects for receiving this assistance, has become particularly important. It is substantiated that addressing these issues will help to create a

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mechanism for Ukraine to mobilize the resources received and direct them to priority programs as the country transitions to the stage of recovery and post-war reconstruction.

KEYWORDS: financial support, external financing, international financial organizations, financial resources, investment projects, volumes of financial assistance, credit resources.

Introduction

Since the beginning of the full-scale war, Ukraine has received unprecedented military, humanitarian and financial assistance. Financial assistance plays an important role in continuing the smooth operation of Ukraine's public sector, ensuring currency and price stability, and covering the budget and balance of payments deficit. International support is an important contribution to maintaining the country's financial stability in times of war.

Ukraine receives large amounts of financial assistance from international financial institutions. These organizations include the International Monetary Fund, the World Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Council of Europe Development Bank, and other international financial organizations. Aid funds go to the country's state budget and are used to implement specific investment projects. Ukraine continues to implement projects of international institutions that were prepared for a full-scale invasion of the country, as well as new projects prepared in recent years.

The urgent need for this study is due to the fact that significant amounts of financial resources coming to Ukraine are important for supporting the state's economy during the war and will play an important role in the country's recovery in the post-war period. Therefore, the main purpose of the study is to find comprehensive solutions that would allow the most efficient use of the resources received from international financial organizations to minimize the risks associated with the consequences of an aggressive war and direct them to recovery programs and programs for the country's economic recovery.

International Monetary Fund

The funds raised by Ukraine are mostly used to finance social and humanitarian expenditures of the state budget. Funds from the International Monetary Fund and the World Bank's systemic projects go to the General Fund of the State Budget. Since the beginning of the full-scale invasion in November 2024, Ukraine has received more than USD 11.3 billion from the IMF alone. Effective cooperation with the International Monetary Fund is one of the levers for maintaining the country's financial stability in times of war. As of November 20, 2024, the IMF is Ukraine's third largest partner in terms of financial assistance after the EU and the US.

On October 23, 2024, the State Budget of Ukraine received a tranche of about USD 1.1 billion as a result of the successful fifth review of the EFF program. Over the 19 months of the Extended Fund Facility program, Ukraine has successfully completed five reviews – for the first time in the history of cooperation with the IMF. This allowed Ukraine to attract about USD 8.7 billion out of the USD 15.6 billion provided by the program.

The IMF continues to respond effectively to the needs of Ukraine, and the decision to optimize the schedule of tranches for 2025 was important for the state, which will allow to attract more funds to the state budget under the EFF next year. For 2025, the IMF EFF program provides up to USD 2.7 billion based on the results of four reviews. Initially, this amount was about USD 1.8 billion, according to two revisions of the Program.

Security and defense remain the top priority of the 2025 budget and is the largest expenditure item. An important task of the Government is to provide citizens with timely social services and assistance. Ukraine needs the support of international partners, especially international financial organizations, to do so. The need for external financing for 2025 is estimated at around USD 38.4 billion. All key parameters of the budget have been determined by Ukraine following active discussions with representatives of the International Monetary Fund. The parties agreed on the need to strengthen Ukraine's domestic financial capacity to effectively respond to the challenges posed by a full-scale war.

World Bank Group

Ukraine's cooperation with the World Bank in times of war is an important factor in stabilizing the country's economy. Launching and implementing joint programs helps to meet the urgent needs of the state. After Russia's invasion of Ukraine began, the World Bank, which is one of the largest international financial institutions, continued to implement existing projects and, together with the Government of Ukraine, prepared a number of new projects.

Since the beginning of Russia's full-scale invasion of Ukraine in February 2022, the World Bank Group has mobilized nearly USD 50 billion in financial support for Ukraine as of November 20, 2024. USD of financial support.[2] More than USD 39 billion has already been disbursed. USD have already been disbursed to Ukraine, almost all of which came from donors from developed countries.

[2] World Bank. 2024. "Financial support mobilized for Ukraine since February 24, 2022." https://www.worldbank.org/uk/country/ukraine/brief/world-bank-emergency-financing-package-for-ukraine. [In Ukrainian]

Since February 2022, the World Bank has been supporting Ukraine's public sector and helping to balance Ukraine's currency and financial position. During 2022–2024, the General Fund of the State Budget received USD 2 billion 63 million from the World Bank. The amount of the loan was USD 2 billion 63 million.[3]

Today, all organizations of the World Bank Group (International Bank for Reconstruction and Development, International Finance Corporation, International Development Association, Multilateral Investment Guarantee Agency, International Centre for Settlement of Investment Disputes) provide financial assistance to Ukraine, with loans and services on preferential terms.

The World Bank's Public Expenditure Accountability for Sustainable Governance (PEACE) project was launched in June 2022. With the project funds, the Government of Ukraine has provided support to 13 million beneficiaries, including 10 million pensioners, 500,000 education workers, 145,000 civil servants, 56,000 emergency workers, social assistance recipients, and internally displaced persons. The PEACE project combines loans and grants totaling USD19.75 billion. The total amount of the project is USD 19.75 billion. The funds were provided by the World Bank and other partners of Ukraine.

The additional financial package prepared for the PEACE program continues a series of grants previously provided and is aimed at supporting the education system, healthcare system, pensions, financial assistance to internally displaced persons, support for social assistance programs, and financing public sector salaries. The additional funding is a continuation of the packages previously provided for the PEACE project.

On June 29, 2023, the World Bank's Board of Executive Directors approved a USD 1.5 billion Development and Recovery Policy Loan to Ukraine. The loan is guaranteed by the Government of Japan under the trust fund. The loan is guaranteed by the Government of Japan under the Trust Fund to Provide Ukraine with Necessary Credit Support (ADVANCE Ukraine)[4]. The loan will support three key areas of government reforms aimed at mitigating the effects of the war. The funds will be used to support IDP households and families, to finance reforms aimed at increasing transparency and accountability of public spending, and to help markets function better.

On November 30, 2023, the World Bank has approved a new joint project with Ukraine: Investing in Social Protection for Inclusion, Resilience, and

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[3] MFU. 2024. "Financing of the State Budget of Ukraine since the beginning of the full-scale war". https://mof.gov.ua/uk/news/ukraines_state_budget_financing_since_the_beginning_of_the_full-scale_war-3435. [In Ukrainian]

[4] World Bank. 2023. "New $1.5 billion World Bank Loan to Ukraine to Help Households Mitigate the Impact of Russian Invasion". https://www.worldbank.org/uk/news/press-release/2023/06/29/world-bank-new-1-5-billion-loan-to-ukraine-will-provide-relief-to-households-mitigate-impacts-of-russian-invasion.

Efficiency (INSPIRE).[5] On December 4, 2023, the Loan Agreement for this project was signed in Kyiv.

The INSPIRE project aims to provide social protection to low-income and vulnerable populations in Ukraine during and after the war, improve access to social services and assistance, and strengthen the social support system. The project is funded by a USD 1.2 billion loan from the Trust Fund "Trust Fund for the Provision of Necessary Credit Support to Ukraine" (ADVANCE Ukraine) with the support of the Government of Japan. The money will go to the general fund of the state budget of Ukraine.

On January 25, 2024, the European Union and the World Bank Group, together with the Government of Ukraine, launched the Partial Credit Guarantee Fund for Agriculture (PCGF).[6] The Fund is aimed at supporting small farmers who cultivate land plots of up to 500 hectares. The launch of the PCGF is an important element of the second phase of the land reform, which began on January 1, 2024.

On March 22, 2024, the state budget of Ukraine received a loan of USD 230 million from the Government of Japan under the World Bank's Ukraine Agriculture Recovery Inclusive Support Emergency (ARISE).[7] The funds were raised from the Trust Fund to Promote the Necessary Expansion of Credit for Ukraine (ADVANCE Ukraine).

The ARISE project aims to support agricultural producers' access to finance through concessional lending (5-7-9 per cent compensation of program costs) and improve small farms' access to finance through grants. The amount of project financing currently amounts to USD 550 million. USD, of which: USD 500 million will be used to finance the state program "Affordable Loans 5-7-9" in 2023–2024 with a focus on agricultural enterprises; and almost USD 50 million is provided for grants for small agricultural producers.

On March 26, 2024, the World Bank's Board of Directors approved a USD 1.5 billion Growth Foundations Development Policy Loan (DPL).[8] The funds will be guaranteed by the Government of Japan through the World

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[5] MFU. 2023. "The World Bank has approved a new Social Assistance Project for Ukraine worth USD 1.2 billion". https://mof.gov.ua/uk/news/world_bank_approved_new_usd_12_billion_social_assistance_project_for_ukraine_inspire-4321 [In Ukrainian]

[6] World Bank. 2023. "The European Union and the World Bank support small farmers in Ukraine by strengthening the Partial Credit Guarantee Fund for Agriculture". https://www.worldbank.org/uk/news/press-release/2024/01/25/ukraine-partial-credit-guarantee-fund-in-agriculture [In Ukrainian]

[7] MFU. 2023. "Ukraine receives USD 230 million from Japan under the World Bank's Agriculture Recovery Project". https://mof.gov.ua/uk/news/ukraine_received_usd_230_million_from_japan_under_the_world_banks_project_for_agricultural_recovery-4518 [In Ukrainian]

[8] MFU. 2024. "Ukraine will receive USD 1.5 billion to support development policy through the World Bank mechanism from Japan and the United Kingdom". https://mof.gov.ua/uk/news/ukraine_will_receive_a_usd_15_billion_development_policy_loan_through_the_world_bank_mechanism_from_japan_and_the_united_kingdom-4523 [In Ukrainian]

Bank Trust Fund (ADVANCE Ukraine) in the amount of USD 984 million and by the United Kingdom in the amount of USD 516 million.

The loan proceeds will be used to support the state budget of Ukraine and economic recovery, as well as to finance priority social and humanitarian expenditures of the state budget. In order to reduce the cost of servicing Ukraine's credit obligations under the DPL 2024 loan in the coming years, the DPL Loan Agreement provides for the capitalization of interest in the amount of USD 99.54 million from Japanese funds. DPL is a systemic project aimed at supporting reforms in Ukraine. The loan is credited to the general fund of the state budget as a single tranche.

On August 30, 2024, the World Bank announced a new program in the education sector. The total cost of the project is USD 415 million. The project will be implemented in Ukraine. The program aims to improve primary and secondary education in Ukraine and will reach one million students, teachers, and school staff.[9] The program, called "Lifting Education Access and Resilience in Times of Need" (LEARN), includes measures aimed at improving overall security conditions in schools, providing free transportation for vulnerable students, training teachers, purchasing textbooks, and optimizing management in the education sector.

The initial funding for the LEARN program is USD 235 million from the International Bank for Reconstruction and Development (IBRD) Trust Fund for the provision of necessary credit support to Ukraine (ADVANCE Ukraine), USD 150 million from the International Development Association (IDA) Special Program for Ukraine and Moldova, and USD 30 million from the Trust Fund for Support, Recovery, Rehabilitation and Reform of Ukraine (URTF).

On October 11, 2024, the World Bank approved the establishment of a Financial Intermediation Facility (FIF) to support Ukraine. This decision was made by the Executive Board of the World Bank.[10] The United States, Canada, and Japan are expected to contribute to the fund. The Fund, which will be managed by the World Bank, helps fulfill the commitment of the G7 countries to provide Ukraine with up to USD 50 billion in additional financing by the end of 2024.

Ukraine and the World Bank are deepening cooperation in implementing projects to transform the Ukrainian economy and attract foreign investment to rebuild the country after the war.

In particular, this is the RISE project (Resilient, Inclusive and Sustainable Enterprise Project), the World Bank plans to provide Ukraine

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[9] World Bank. 2024. "Strengthening Primary and Secondary Education in Ukraine with the Support of the World Bank". https://www.worldbank.org/uk/news/press-release/2024/08/30/strengthening-ukraine-s-primary-and-secondary-education-through-world-bank-support. [In Ukrainian]

[10] Reuters. 2024. "Exclusive: World Bank board approves new Ukraine fund" https://www.reuters.com/world/europe/world-bank-board-approves-new-ukraine-fund-with-money-us-japan-canada-sources-2024-10-10/

with a loan (PforR) of USD 1 billion and a grant of USD 30 million to support government reforms in the private sector. The funding will be used to refinance state business support programs, including such initiatives as "Affordable Loans 5-7-9" and "eRobota".[11] Preparations are also underway for the Ukraine Recovery Conference (URC-2025) to be held in Rome in 2025. The World Bank is working on preparing projects for presentation at URC-2025 and will take an active part in research on the development of the Ukrainian economy in the post-war period.

In February 2025, the World Bank plans to launch the Ukraine Project Preparation Framework (PPF), a program for implementing economically sound investment projects that meet the country's strategic goals.

The World Bank is implementing existing projects with Ukraine and continues to prepare new projects. In November 2024 alone, a number of agreements on new projects were signed.

On November 4, financial agreements were signed with the World Bank under the new systemic project "Resilient, Inclusive and Environmentally Sustainable Entrepreneurship" (RISE). The amount of financing for the project is USD 593 million.[12]

The RISE PforR project aims to address critical issues that impede the resilience, growth, and sustainable development of the private sector. The total amount of funding for the project implementation period is planned to be more than USD 1 billion. According to the Loan Agreement about the USD 283 million, Ukraine receives these funds until the end of 2024.

On November 7, the World Bank's Board of Directors approved a new systemic project in Ukraine, Supporting Recovery through Smart Fiscal Governance (SURGE). At the stage of approval, the planned total project volume is about USD 750 million for 2024-2027.[13]

Financing for the Project will consist of a USD 450 million loan from the International Bank for Reconstruction and Development (IBRD) from the Trust Fund for Assistance to Ukraine (ADVANCE Ukraine), supported by the Government of Japan, and a USD 300 million loan from the Special Program for Ukraine and Moldova (SPUR) of the Bank's Crisis Fund. Under

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[11] Ministry of Economy of Ukraine. 2024. "Ukraine and the World Bank will strengthen cooperation for economic recovery and investment attraction". https://me.gov.ua/News/Detail?lang=uk-UA&id=a87d8d2f-4e5c-401b-9273-a2f9365627b7&title=UkrainaTaSvitoviiBankPosiliatSpivpratsiuZadliaEkonomichnogoVidnovlenniaKrainiTaZaluchenniaInvestitsii [In Ukrainian]

[12] MFU. 2024. "Ukraine and the World Bank are implementing a new project to support the private sector RISE. Relevant Agreements totaling almost $600 million have been signed". https://mof.gov.ua/uk/news/ukraine_and_the_world_bank_are_implementing_a_new_project_rise_to_support_the_private_sector_relevant_agreements_totalling_almost_600_million_have_been_signed-4870 [In Ukrainian]

[13] MFU. 2024. "World Bank Board of Directors Approves New SURGE Project in Fiscal Sector to Support Recovery. Total financing is $750 million" https://mof.gov.ua/uk/news/the_world_banks_board_of_directors_approved_a_new_surge_project_in_the_fiscal_sector_to_support_recovery_the_total_amount_of_financing_is_750_million-4878 [In Ukrainian]

the IBRD Loan Agreement, Ukraine expects to draw down the funds by the end of 2024.

On November 8, 2024, a grant agreement was signed with the World Bank under the Public Expenditure Support for Enhanced Accountability in Ukraine (PEACE in Ukraine) Project.[14] The goal of the Project is to partially compensate for state budget expenditures, including social and humanitarian expenditures not related to the security and defense sector.

The grant agreement provides for Ukraine's attraction of a tranche under the PEACE in Ukraine Project, consisting of USD 1.35 billion. The grant from the United States of America and EUR 10.8 million are funds from the Multi-Donor Trust Fund for co-financing the Second Economic Recovery Policy Loan Program for Ukraine. The funds will be transferred to the state budget of Ukraine in the near future. Since the beginning of the full-scale invasion, the Ministry of Finance has already raised almost USD 28 billion through the PEACE in Ukraine project and more than EUR 1.4 billion in budget support.

On November 13, 2024, financial agreements were signed under the new systemic project "Supporting Reconstruction through Smart Fiscal Governance" (SURGE).[15] The project aims to create an enabling environment and institutional framework for the effective and accountable implementation and financing of climate-responsive recovery. Ukraine is expected to receive funds in the amount of USD 400 million by the end of 2024.

A grant agreement was signed under the investment component "Strengthening Government Capacity for Fiscal Reform Implementation" (STRONG) in the amount of USD 10 million. The Government of Ukraine has signed a grant agreement with the Multi-Donor Ukraine Relief, Recovery, Reconstruction and Reform Trust Fund (URTF) in the amount of USD 10 million. The STRONG project aims to support the effective implementation of institutional reforms under SURGE.

European Bank for Reconstruction and Development

The European Bank for Reconstruction and Development (EBRD), with which Ukraine has been working since 1992, plans to invest up to EUR 10 billion in Ukraine over the next 5 years. The announcement was made by

[14] MFU. 2024. "Ukraine will receive about $1.37 billion under the World Bank's PEACE in Ukraine project. The Ministry of Finance and the Bank signed a grant agreement". https://mof.gov.ua/uk/news/ukraine_will_receive_about_137_billion_under_the_world_banks_peace_in_ukraine_project_the_ministry_of_finance_and_the_bank_signed_a_grant_agreement-4879. [In Ukrainian]

[15] MFU. 2024. "Ukraine and the World Bank are implementing the SURGE project in the fiscal sector to support recovery. Agreements totaling $750 million signed". https://mof.gov.ua/uk/news/ukraine_and_the_world_bank_are_implementing_the_surge_project_in_the_fiscal_sector_to_support_recovery_agreements_totalling_750_million_signed-4888. [In Ukrainian]

EBRD Vice President Jьrgen Rigterink and the bank's Director for Eastern Europe and the Caucasus Matteo Patrone.

As of November 2024, the total amount of EBRD financing disbursed to Ukraine over the entire period of cooperation is more than EUR 20 billion. Since the beginning of the full-scale war, Ukraine has received about EUR 5 billion in investments from the Bank. A significant portion of the funds has been used to support the energy sector.[16]

During the period of full-scale war, the EBRD focused on five main areas of support to Ukraine in the private and public sector. These key areas are energy security, infrastructure, food security, business support and trade finance. The EBRD's contribution to Ukraine's energy security is important, as it has provided significant funding to key critical infrastructure players: NPC Ukrenergo, NJSC Naftogaz of Ukraine, PJSC Ukrhydroenergo, and JSC Ukrzaliznytsia.

In 2023, the EBRD's governors decided to increase the paid-in capital by EUR 4 billion to EUR 34 billion to provide further support to Ukraine. This decision will allow the EBRD to increase its investments in Ukraine by 4–6 times. Over the next five years, the bank plans to invest EUR 1.5–2 billion annually in projects in Ukraine. In 2023, the EBRD provided EUR 2.1 billion in Ukraine, which is 23.5 per cent or EUR 0.4 billion more than in 2022. The Bank increased its investments following the Russian invasion in February 2022 and in October 2023 exceeded its target of EUR 3 billion in Ukraine for 2022–2023.

Privatbank has signed a new agreement with the European Bank for Reconstruction and Development (EBRD). This agreement allows for risk sharing and loans worth EUR 400 million.[17] The EBRD undertakes to cover up to 50 percent of the Ukrainian bank's risk by supporting projects with investment and energy independence goals, as well as women's, veteran, relocated or war-affected businesses. Thanks to the new partnership with the EBRD, Privatbank can expand its financing of projects related to food production, energy efficiency, and energy generation in the country. The EBRD is one of the largest investors in Ukraine, with a focus on supporting the private sector, energy security, critical infrastructure, trade, and food security.

Today, it is important for Ukraine to prepare projects in the energy sector. The project for the emergency restoration of the power transmission network implemented by Ukrenergo: the amount of the EBRD loan is EUR 300.0 million, the amount of the grant is EUR 70.56 million.

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[16] MFU. 2024. "EIB and EBRD continue to support Ukraine's energy sector. Minister of Finance met with the heads of the banks in Washington". https://mof.gov.ua/uk/news/the_eib_and_ebrd_continue_to_support_ukraines_energy_sector_minister_of_finance_met_with_the_heads_of_the_banks_in_washington-4858. [In Ukrainian]

[17] PrivatBank. 2024. "The EBRD and PrivatBank signed an agreement on portfolio guarantees for business lending for 400 million euros". https://privatbank.ua/news/2024/9/12/yebrr-ta-privatbank-pidpisali-ugodu-shchodo-portfelnih-garantiy-dlya-kredituvannya-biznesu-na-400-mln-yevro [In Ukrainian]

The special capital support project for NPC Ukrenergo has already been completed. The amount of the EBRD loan is EUR 150 million. The project entered into force on January 15, 2024, which means that during the difficult period of the war for Ukraine, the EBRD does not leave the country without support and is preparing new loan instruments for the industries that are most important in this difficult time.

In addition to these projects, the EBRD is discussing with Ukrenergo the preparation of the Northern Region Expansion Project. The estimated amount of the EBRD loan is up to EUR 90 million. The scope of the Project includes the reconstruction of the substations: Cherkaska SS, Zhytomyr SS, Brovarska SS, and the construction of Zakhidna SS.

European Investment Bank

Another international financial organization, the European Investment Bank (EIB), and its important role in lending to critical sectors of Ukraine's economy in previous years of cooperation and during the war in Ukraine, should also be mentioned.

The portfolio of joint projects with the EIB in the public and private sectors is the largest in all the years of cooperation and amounts to more than EUR 7 billion. Since the beginning of the full-scale war, the EIB has provided investments in all areas of the country amounting to about EUR 2 billion. The EIB has announced that it intends to invest up to EUR 600 million in the near future to finance energy projects in the public and private sectors. These funds will help restore and modernize Ukraine's energy infrastructure, adapting it to European standards and accelerating the country's integration into the EU.

The EIB's project portfolio in the public sector includes 26 projects with a total volume of EUR 5.3 billion. Of these, 23 projects are under implementation with a total volume of EUR 4.81 billion. As of November 1, 2024, EUR 2.856 billion has been disbursed as part of these projects, including EUR 1.722 billion in 2022, EUR 261.74 million in 2023, and EUR 7.84 million in 2024.

As of November 1, 2024, 2 grant projects totaling EUR 18.11 million are under implementation, funded by a grant from the E5P Fund (Eastern European Energy Efficiency and Environment Partnership Fund). Of these funds, EUR 8.36 million has been taken so far.[18]

A new project being prepared for the EIB's implementation at Ukrenergo: Reconstruction of OHL 400 kV South Ukrainian NPP – Isaccea (Romania). Discussions are underway with the EIB on the possibility of financing the project. The aim of the project is to increase the capacity of the

[18] MFU. 2024. "European Investment Bank". https://mof.gov.ua/uk/eib [In Ukrainian]

interconnector with Romania after 2028, improve the reliability of electricity supply to consumers in the southern regions of Ukraine and Romania, and lift restrictions on renewable energy production capacity in southern Ukraine and eastern Romania.

The project cost is estimated at USD 246 million. Negotiations are underway with the EIB to attract a loan from the Bank under state guarantees to finance the project.

Council of Europe Development Bank

The Council of Europe Development Bank (hereinafter referred to as the CEB) is a multilateral financial institution with a purely social focus. The CEB was established in 1956 to help European countries address issues related to the socially targeted reintegration of refugees, displaced persons and migrants. In the year of its creation, 8 countries initiated the process: Belgium, France, Greece, Iceland, Italy, Luxembourg, Germany, Turkey and Spain. Through its financial activities, the CEB promotes the values and principles of the Council of Europe.

CEB is financially independent of the Council of Europe and has a separate legal status. When approving all the Bank's projects, the Secretary General of the Council of Europe expresses an opinion on the acceptability of the projects in terms of the political and social goals of the Council of Europe. The current activities of the CEB in Ukraine are carried out in the following areas: improving living conditions, health care, and supporting small and medium-sized businesses in the country.

Ukraine officially became the 43rd member of the Bank. This happened through the adoption of the Law of Ukraine "On Ukraine's Membership in the Council of Europe Development Bank and Accession to the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe".

As of November 1, 2024, the CEB's project portfolio in the public sector amounted to 2 projects with a total volume of EUR 200 million. As of November 1, 2024, EUR 80 million had been disbursed under these projects.[19]

Projects of other international financial institutions

An important partner of Ukraine in the preparation and implementation of infrastructure projects is the Kreditanstalt fьr Wiederaufbau (KfW). It is a state-owned bank of the Government of the Federal Republic of Germany.

[19] Open4business. 2024. "Denmark invests €7.2 million to restore water supply infrastructure in Mykolaiv". https://open4business.com.ua/daniya-investuye-72-mln-yevro-u-vidnovlennya-infrastruktury-vodopostachannya-v-mykolayevi/. [In Ukrainian]

KfW's activities include support for small and medium-sized businesses; construction and energy conservation, environmental protection; financing of social infrastructure (water, energy, education, healthcare, etc.); export and project financing; and refinancing.

There are 10 investment projects under implementation in Ukraine totaling EUR 298.50 million, of which EUR 133.02 million (44.56 per cent) has been used as of November 01, 2024: 8 investment projects totaling EUR 265.10 million, of which EUR 124.66 million (47.02 per cent) has been used at the expense of loan funds; 2 investment projects totaling EUR 33.40 million, of which EUR 8.36 million (25.03 per cent) has been used at the expense of grants.

On October 3, 2024, an agreement was signed between the Chernivtsi City Council, the utility company Chernivtsivvodokanal, and KfW Bank to implement the Municipal Infrastructure Development, Phase II project, which is supported by the European Union. Funding of EUR 19.75 million is provided under the EU's support mechanism for Ukraine, the Ukraine Facility, to improve the quality of water services and infrastructure in line with European environmental standards. The project aims to reduce accidents on water supply networks, increase energy efficiency and reduce water losses, and is designed to support the city's residents. The project is also part of a water supply and wastewater treatment program with a total cost of about EUR 95 million.

The KfW project "Improving the Efficiency of Electricity Transmission (Integration of the Ukrainian IPS into the European Integrated Power System) III" is being implemented by Ukrenergo. The loan amount is EUR 24 million. The amount of the KfW grant is EUR 0.5 million. The loan agreements were signed in December 2023. The project envisages the reconstruction of SS 220 kV Lviv-2, as well as the purchase and installation of autotransformers, single-phase reactors and related equipment for substations damaged as a result of hostilities throughout the IPS of Ukraine, operated by NPC Ukrenergo.

Project KfW "Improving the efficiency of electricity transmission (integration of the Ukrainian IPS into the European integrated power system) IV". The loan amount is EUR 30.4 million. The project agreements were signed in June 2024. The aim of the project is to increase the reliability of energy supply to consumers in Lviv region and the reliability of the Western region of the IPS of Ukraine as a whole. The consultant is finalizing the draft prequalification documentation for international competitive bidding.

Project KfW "Improving the efficiency of electricity transmission (integration of the Ukrainian IPS into the European integrated power system) V" (funded by the German Government through KfW). The amount of the grant from the German Government (provided through the KfW) is EUR 76.35 million. The grant agreements were signed in October 2023.

KfW project "Improving the efficiency of electricity transmission (integration of the Ukrainian IPS into the European integrated power system) VI". The amount of the German Government's grant is EUR 45 million. The grant agreements were signed in May 2024.

The project "Reconstruction and Rehabilitation of Ukraine's Electricity Transmission Infrastructure", EU grant funds provided through KfW. The grant amount is EUR 15 million. The agreements were signed in June 2024. The project concerns energy-efficient modernization, automation, reconstruction, repair or rehabilitation of substations, construction of new and reconstruction of existing transmission line sections, as well as procurement and installation of autotransformers, single-phase reactors, physical protection measures for substations, control centers and related equipment for substations damaged as a result of hostilities throughout the IPS of Ukraine.

The project "Reconstruction and Rehabilitation of Ukraine's Electricity Transmission Infrastructure II", EU grant funds provided through KfW. The grant amount is EUR 100 million. The project agreements were signed in July 2024. The project envisages the reconstruction of the 400 kV OHL Mukacheve (Ukraine) – Velke Kapusany (Slovakia), with an estimated cost of EUR 21 million.

NEFCO (Nordic Environment Finance Corporation) is an international financial institution founded in 1990. In addition to its equity Investment Fund, NEFCO manages several trust funds on behalf of various donors to support the implementation of environmental and climate projects. Over the years, NEFCO has implemented around 1,600 private and public projects in a range of sectors around the world.

NEFCO has been operating in Ukraine for over 20 years. Attracting NEFCO loans is very important for Ukraine's economy, as the corporation lends to small-scale projects implemented by communities in the sectors of heat supply, energy efficiency, wastewater treatment, street lighting, etc. During the implementation of the project, borrowers gain experience in cooperating with international financial institutions in accordance with the procedures of these organizations.

In Ukraine, NEFCO primarily provides financing to projects in local communities to achieve the defined objectives of the project and accelerate the green transition. The Corporation operates throughout Ukraine, focusing on small and medium-sized projects, investing in energy efficiency, modernization of district heating networks, municipal water supply and water treatment facilities. In addition, NEFCO makes significant investments in the renewable energy sector, particularly in solar and wind power.

NEFCO and the city administration of Mykolaiv have signed a new grant agreement for the reconstruction of the water supply system in a separate district of the city. This investment project will help restore the city's water supply infrastructure. EUR 7.2 million has been allocated for the project.[20]

For almost 2.5 years after the destruction of the main water supply system in April 2022, Mykolaiv's water supply system has been out of service. Residents of Mykolaiv depend on emergency water supply, which is provided mainly by trucks and supplemented by desalination of salt water from the Dnipro-Bug estuary, as well as newly drilled wells.

The densely populated Korabelnyi district of Mykolaiv, where water leakage reaches 40 percent, was chosen to implement a demonstration project to restore and reconstruct the entire water supply system. The goal of the project is to reduce water losses and increase the energy efficiency of water distribution processes by detecting water leaks, improving water supply efficiency, and creating the basis for further development of the fresh water supply system in Mykolaiv. During the project implementation, new wells will be installed and pipes will be replaced.

Funds of up to DKK 40 million (approximately EUR 5.36 million) have been allocated for the project and supporting activities from Denmark through the Danida Sustainable Infrastructure Finance (DSIF) program, which aims to provide funding to Mykolaiv to improve the management of the water supply system and rehabilitate the city's water supply infrastructure. The main goal of the project is to rehabilitate the existing water supply system, which will increase its reliability and sustainability.

A district heating project to improve energy sustainability and environmental friendliness in the Central and Eastern region of Ukraine, funded by a grant of up to EUR 1 million from Sweden, will soon start in Poltava. The project will be implemented under the NEFCO program.

In the wake of Russia's military aggression against Ukraine, NEFCO continues to support the rebuilding of key municipal infrastructure in 12 communities in Kyiv Oblast, including the cities of Irpin and Dymer, which suffered significant damage at the start of the war. NEFCO is also helping the municipalities to build capacity for long-term green recovery and transition, apply European standards and practices, and attract additional investment.[21]

Conclusions

Given the above, it is necessary to note the importance and necessity for our country of the assistance received from international financial institutions

[20] Open4business. 2024. "Denmark invests €7.2 million to restore water supply infrastructure in Mykolaiv". https://open4business.com.ua/daniya-investuye-72-mln-yevro-u-vidnovlennya-infrastruktury-vodopostachannya-v-mykolayevi/. [In Ukrainian]

[21] NEFCO. 2024. "Modernization should be long-term, energy efficient and environmentally friendly: NEFCO-supported projects improve the well-being of communities and residents of Kyiv region". https://www.nefco.int/news/модернізація-має-бути-довгостроков/. [In Ukrainian]

after February 24, 2024. As of November 2024, the general fund of the State Budget of Ukraine received more than USD 11 billion from the International Monetary Fund, more than USD 2 billion from the World Bank, and USD 720 million from the European Investment Bank. Funds were also received from individual countries through funds established by international institutions.

The funds that go to the general fund are very important for the functioning of the state during the war, but for the country's early recovery and reconstruction, it is crucial to attract loans from international financial institutions for investment projects, especially in infrastructure projects, especially in the energy sector.

During the years of war, international financial institutions have been implementing existing projects in these sectors and developing new ones. The World Bank, EBRD, EIB, CEB, KfW, and NEFCO are working on preparing new projects. It is necessary to accelerate the process of attracting credit and donor resources from international financial institutions in the sectors important to Ukraine.

Some lenders provide benefits to project beneficiaries, allow deferred payments and interest on loans, and convert part of the loan funds into grants. KfW has signed an agreement with the Government of Ukraine, according to which all payments on the repayment of loans issued to Ukraine and their servicing are deferred until 2027. In addition, some of the KfW loans have been converted to grants. Such experience should be used in the preparation of new investment projects with IFIs, and existing projects should be reviewed for the possibility of obtaining benefits for repayment of loan principal and interest.

Significant amounts of financial support for Ukraine from international organizations and individual states require a professional analysis of financing instruments, a unified approach to attracting such support, and the allocation of resources for the country's recovery and reconstruction programs.

The academic community should play an important role in this, bringing together practicing lawyers, financiers, and industry experts to create a strategy for rebuilding the state. Our partners in international financial institutions should see the areas of further cooperation prepared by the Ukrainian side and projects in the most important sectors of the economy. Projects should be prepared in accordance with the requirements of each international organization to speed up the process of project approval and approval by the Boards of Directors of the organizations.

** This article was translated from its original in Ukrainian*

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