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FORMATION OF SUCCESSFUL UKRAINIAN ECONOMY IS AN UNCHANGING PRIORITY

– *Mr Patrone, the first question is the most relevant for Ukraine in today's circumstances. The EBRD announced its intention to partake in the reconstruction of Ukraine. What are the main projects in this area? How much money does the EBRD plan to invest in this regard?*

– The EBRD has been operating in Ukraine for 30 years already and is the largest institutional investor in the country. Most of our projects include direct and indirect investing in private companies. Nevertheless, we also play an important role in financing infrastructure. Before the war, EBRD supported road construction, port modernisation, the purchase of railcars, energy projects, green city development and logistics development. These areas will need even stronger support during the post-war recovery, and the EBRD stands certainly ready to help. Our investments in Ukraine amounted to €1 billion in 2021, and we expect a similar figure this year, despite the war. Very often, the EBRD's participation in some projects encourages private investors to inject additional financial resources. I am sure we will play a significant role in the reconstruction of Ukraine, and I believe our shareholders will be ready to support even an increase in investments.

– *How profoundly has the war affected the strategic plans of cooperation between the EBRD and Ukraine? What is the current agenda and what are the priorities of the EBRD's activities?*

– Obviously, the war has disrupted the normal course of life and economic activity. Our general priority remains unchanged: to support the formation of a flourishing, sustainable, and modern Ukrainian economy. It is only our short-term emphasis that has been shifted as we seek to support Ukraine in dealing with the severe economic shocks it is facing today as a consequence of the war. We hope to mitigate the war's impact via payment deferrals, trade finance, support for energy and food security, critical infrastructure and the pharmaceuticals industry, and emergency reform support. As of the end of June, we have signed agreements for a total value of €650 million in all priority areas. For example, we agreed on lending to power company Ukrenerho and railway company Ukrzaliznytsia to ensure the liquidity of operational expenses, so these companies will keep providing vital



lighting and rail transportation services to Ukrainians. Agricultural companies will also receive loans to continue producing food in this difficult time, as well as pharmaceutical companies to continue saving lives.

Immediately after the full-scale invasion of Ukraine, we launched our Resilience and Livelihoods programme for Ukraine and other countries affected by it, initially €2 billion worth. It aims to provide urgent support, in particular to women, children, and the elderly displaced by the crisis. Besides these urgent needs, the EBRD remains committed to its strategic priorities of consistently supporting a green economy, digitalisation, and equality of opportunity. We firmly believe that projects with a strong focus on these three areas will improve our countries of operations' competitiveness, and strengthen their capacity and social cohesion.

– *The EBRD participated in the conference in Lugano in early July. In your opinion, what prospects does this format open?*

– The Lugano conference was a great opportunity for raising awareness of Ukraine's international partners. It showed them the committed efforts of the Ukrainian Government, which has mobilised all domestic resources to prepare an ambitious recovery plan. This is a good start and will help build momentum and continue discussions with major donors and investors.

– *The EBRD private sector share of the portfolio reaches 40 percent. In what fields of this sector has the EBRD invested? Was it mainly agriculture?*

– The private sector share in the cumulative EBRD investments is 75 percent, though it is only 41 percent of the current portfolio. Since 2014, the EBRD has actively supported the financial and organisational restructuring of large state-owned enterprises in the energy, transport, and logistics sectors. Our involvement has helped them access private investors in the financial markets, but the war causes

reversals. Nevertheless, our long-term focus remains on investing in the private sector. We support spheres where we see demand and opportunities for growth, and agriculture and the food industry are certainly the leaders in these indicators. In addition, we are also actively promoting the development of renewable energy, logistics, and the financial sector.

– *58 percent of the portfolio is invested in sustainable infrastructure. What projects have been implemented in this area? Does Ukraine have the potential to successfully develop renewable energy projects? What is needed to achieve visible progress in a short time?*

– Sustainable infrastructure is one of the areas of high interest for the EBRD. Our investments range from electricity generation using renewable sources to the reconstruction of district heating systems, the renovation of metro and tram cars and the construction of modern waste processing facilities. All these projects have a strong green component and help Ukraine meet its carbon reduction commitments under the Paris Agreement.

– *What differentiates the investment activity of the EBRD from other organisations?*

– The EBRD has a strong presence on the ground in all the countries where it operates. Our Kyiv office is probably the largest local office and is largely focused on the interests of clients. The EBRD brings together its lending and policy divisions, which creates synergies and maximises the impact of our work for clients. For example, along with lending to Naftohaz after 2014, we also supported reforms of its corporate governance. A programme to improve its competitiveness, digitalisation, or inclusiveness very often parallels our lending to a private company.

– *In your opinion, what sector has the greatest potential in the long term? What will bring the greatest profit to the Ukrainian economy?*

– Without a doubt, agriculture and information and communication technologies have a huge potential in Ukraine. Before the war [full-scale invasion in February 2022], they were growing rapidly, attracting foreign investment and occupying leading positions in exports. Both sectors offer opportunities for the introduction of higher value-added products, as well as room for significant further growth.

– *The EBRD boosts digitalisation in Greece by investing €150 million in OTE, a telecommunications organisation. In your opinion, how far has Ukraine advanced in its digitalisation and what should be the further steps in this direction?*

– Ukraine has made significant progress in digitalisation in recent years. I will especially emphasise the digitalisation of public services, which turned out to be very useful for Ukrainian citizens in the current war conditions. These efforts should definitely proceed after the war and create greater synergies with fast-growing private companies providing ICT services. This very powerful combination can help the post-war transformation of the Ukrainian economy into a knowledge-based economy. Digitalisation is one of the EBRD's priorities, and we will be glad to support this process with our expertise and investments.