

# Latvia will contribute 7 million euros to the EIB trust fund for the support of Ukraine

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At the Cabinet of Ministers meeting on Thursday, 13 July, the government approved Latvia's participation in the European Investment Bank (EIB) trust fund "European Union for Ukraine" by providing grant co-financing of 7 million euros. The EIB trust fund will serve as a temporary mechanism for implementing EIB support measures in Ukraine for the restoration of critical infrastructure until long-term EU support measures become available. EU member states announced the planned support to Ukraine through the "European Union for Ukraine" fund on 13 July in Brussels, Belgium.

*"Latvia will provide an additional EUR 7 million to Ukraine in collaboration with the EIB trust fund "European Union for Ukraine", promoting investments in critical infrastructure restoration and economic strengthening. Latvia's total support to Ukraine exceeds 1.3% of our country's GDP, and we will continue to assist Ukraine wherever possible," emphasises Minister for Finance Arvils Ašeradens.*

As Russian aggression continues, the Ukrainian government's short-term financing needs to fund economic resilience and early recovery efforts remain high. Among them are the need to maintain main transport links, provide temporary housing for internally displaced people, restore public buildings, schools and hospitals and assist in the reorientation of the private sector to European Union markets.

The EIB will strengthen its support for the Ukrainian economy by implementing investment projects identified in cooperation with the Ukrainian government. Therefore, the EIB has established the "European Union for Ukraine" or "EU4U" trust fund, which will issue loans by attracting co-financing from donor grants and providing budget guarantees. The "EU4U" trust fund is an interim mechanism to ensure the continuity of support to Ukraine under high credit risk conditions until the EU budget's mid-term review, which is expected to include long-term support measures for Ukraine, is implemented. The EU4U trust fund will also supplement EU macro-financial support by contributing to Ukraine's economic and social resilience, ensuring sustainable

infrastructure needs and supporting Ukraine's EU accession process.

International financial institutions – EIB, World Bank, International Monetary Fund (IMF) and European Bank for Reconstruction and Development (EBRD) are the largest investors in Ukraine, attracting co-financing and budget guarantees from donor countries. Since the Russian invasion of Ukraine, the EIB has provided \$3 billion in financing to Ukraine, the World Bank Group \$37.9 billion, the EBRD \$3.2 billion and the IMF \$2.7 billion.

Latvia was one of the first countries to support the Ukrainian government's urgent budget needs through the World Bank, providing grants and guarantees in the amount of 25 million euros, which the Ukrainian government has repeatedly praised.

In 2023, funding in the amount of 7 million euros is planned as general government budget expenses, which are legally exempt from the goal of structural balance of the general government budget as one-time expenses for Ukraine support.

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