

JBIC Signs First ODA Loan for Ukraine

--Supporting Expansion of Airport Terminal at Country's Largest International Airport--

1. Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Shinozawa) signed on March 29, an ODA loan agreement totaling 19,092 million yen with the Cabinet of Ministers of Ukraine for the Boryspil State International Airport Development Project. This is the first ODA loan that JBIC has extended to Ukraine.
2. Under the Project, an international airport terminal with a capacity of handling 1.85 million air passengers annually will be constructed and related facilities will be developed at the Boryspil State International Airport, which serves the capital city of Kiev. The Project aims to meet growing air transport demand, in quantity and quality, in line with the Ukrainian government's policy of supporting the air transport industry.
3. Situated in the capital Kiev, which is Ukraine's political and economic hub, with a population of 2.6 million, Boryspil State International Airport is the country's largest international airport and serves as a gateway for passengers flying to and from Ukraine. Reflecting the eastward enlargement of the EU, as well as brisk recovery of the Ukrainian economy, the volume of air travelers that Boryspil State International Airport handles significantly increased over the 1998-2004 period, registering an average annual growth of 15.7%. The expansion of the international passenger terminal is thus urgently called for to meet the growing demand in the coming years.
4. Under these circumstances, the government of Ukraine drafted in 2001 the "State Comprehensive Program of Development of Air Transport of Ukraine up to 2010." This Plan aims to recover the air transport industry from the past stagnation, ensuring that the industry has sufficient competitiveness in the domestic and international air transport markets and can meet growing air transport demand in both quantity and quality. The Boryspil State International Airport Development Project, which is implemented in line with this government policy, is expected to enhance the airport's capacity to handle passengers, and to improve convenience and safety of airport facility users by newly constructing an international airport terminal building and related facilities. The Project will also help revitalize the country's social and economic activities by promoting inflow of foreign direct investments and tourists into Ukraine.

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1. Loan Amount and Terms

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)	Repayment Period/ Grace Period(Years)	Procurement
Boryspil State International Airport Development Project	19,092	1.5	30/10	General Untied

2. Project Executing Agency

The executing agency is the State International Airport Boryspil (Address: Airport, Boryspil 7, Kiev Region, Ukraine 08300 Tel: 38044-296-7244; Fax: 38044-295-8996)

3. Political and Economic Background

The land area of Ukraine is the second largest (604,000 square kilometers; some 1.6 times larger than that of Japan) in Europe after Russia, and the third largest among the former Soviet republics after Russia and Kazakhstan. The country's governmental framework consists of 24 regions, the Autonomous Republic of Crimea, and the capital city of Kiev. After gaining independence in 1991, the Constitution of Ukraine was adopted in June 1996, based on which the current republic institutions have been shaped.

In 2002, former President Kuchma announced the new policy of "European Choice", which emphasized closer ties with Europe as one of its medium-term political goals on the one hand, while placing equal importance on keeping traditional relations with the Commonwealth of Independent States (CIS) countries on the other. In November 2004, a presidential election was held upon expiration of the former president's term, and, after re-voting, former Prime Minister Yushchenko was sworn in as the new President.

Although the Ukrainian economy continued to register negative growth in the wake of independence from the former Soviet Union, it succeeded in making a turnaround and achieved positive growth for the first time in 2000. It has remained strong ever since and registered a 12.0% growth in 2004.