



NORMS, IDENTITY, AND CRISIS

EXPLORING THE EUROPEAN INVESTMENT
BANK'S SUPPORT FOR UKRAINE DURING
THE RUSSO-UKRAINIAN WAR

Author: Jeremy Tirmarche

Supervisor: Bjarke Zinck Winther

Abstract

This paper investigates the key motivations behind the European Investment Bank (EIB) continuing its activities in Ukraine during the Russo-Ukrainian war, despite significant risks to its investments. The study employs a case study approach, focusing on the Ukraine Public Buildings Energy Efficiency project (UPBEE), and utilizes the theoretical frameworks of Neoliberalism and Constructivism.

Before the conflict, the EIB's approach was rooted in Neoliberal international relations theory, emphasizing economic incentives and norm diffusion. The UPBEE project embodied this approach, aiming to induce the adoption of EU norms while fostering commercial relations with Ukraine.

However, the outbreak of war led the EU to reconsider its ties to Ukraine. In times of extreme external pressure, economic interests subside, and only shared history, beliefs, and norms remain. The EIB's support for Ukraine became ideationally rooted, which aligns with EU discourse and the exceptional support to Ukraine.

The EIB's actions in Ukraine set new precedents, emphasizing the importance of shared identity during crises. The study reveals that international financial institutions and official development assistance can play a strategic role in supporting countries in conflict, facilitating norm diffusion and deeper ties between donor and beneficiary.

The EIB's continued commitment to Ukraine, despite economic risks, underscores the significance of ideational ties in times of crisis. While the long-term outcomes of this support remain uncertain, the EU's actions have nevertheless created new precedents on the international stage.

Contents

Abstract	0
Introduction	1
Background Information	3
Method	8
Theoretical Framework:	13
Liberalism.....	13
Constructivism	21
ANALYSIS.....	25
PART I: A Liberal approach to development assistance.....	25
PART II: A liberal structure for Support.....	34
PART III: Constructivist Analysis	44
FINDINGS	46
Conclusion.....	48

Introduction

On February 24th, 2022, Russia invaded Ukraine in a “special military operation”. While the most visible effects of this war happened in Ukraine, this escalation has had many global political, economic, and societal repercussions. Increased food and electricity prices, a change in European Union (EU) energy policy, tighter NATO cooperation, new NATO membership, and fast-tracked EU integration for Ukraine and Georgia are some of the notable international events that have stemmed from this conflict.

However, a lesser established and studied effect of this war is that of the unprecedented investments into war-afflicted Ukraine, particularly in terms of official development assistance (ODA). Beyond military and financial aid, the EU and other western countries have continued to support Ukraine in many alternate ways, one of such being the resuming of development projects in Ukraine. Contrary to common International Financial Institution (IFI) behaviour ([Saldinger, 2022](#)), instead of halting, downsizing, or cancelling development projects ([EIB, 2023a](#)), the European Investment Bank (EIB) and other development agencies such as the UNDP have continued their development projects and invested time and money into an active warzone, and in some aspects even doubling down on their investments.

EIB activities in Ukraine:

The EIB has been actively engaged in Ukraine since 2007, where it has undertaken a range of development projects. These initiatives are strategically focused on bolstering public institutions and improving public infrastructure, all aimed at fostering economic growth and stability in the country. However, the nature of these projects places them at risk since the Russian invasion of Ukraine.

Ukraine's aspirations for closer cooperation and eventual integration into the European Union (EU) have been supported by the EIB, which plays a key role reaching accession criteria. The long-term goals of EIB development projects encompass a broad spectrum of linked objectives, including driving social and political change, encouraging economic development, strengthening institutional capacity, and addressing critical infrastructure needs. These initiatives are designed to align with Ukraine's ambition to eventually integrate with the EU.

It's important to note that the EIB's projects in Ukraine are primarily geared towards long-term development and do not specifically cater to conflict-affected areas. Immediate humanitarian needs resulting from conflicts are typically addressed by other EU institutions and organizations. As a result, the EIB's projects may not adequately address the urgent demands created by the conflict in Ukraine.

Nevertheless, the EIB has already established and contracted these projects, which makes halting or cancelling them a complex decision. Doing so could result in financial and economic costs and potentially undermine the institution's contractual obligations. Furthermore, it may project an image of fear or uncertainty that could affect other projects and institutions, potentially conveying the message that the EU is reconsidering its long-term commitment to Ukraine's development. Balancing the commitment to ongoing projects with the evolving security situation in Ukraine is a challenging task for the EIB.

The EU's institutions have a strong presence in Ukraine, especially EIB and European Bank for Reconstruction and Development (EBRD). They have mainly focused on Ukraine's development as a close economic partner and in the view of one day integrating the EU. Development Projects have long term goals, that encompass social and political change,

economic growth, capacity building, and infrastructure development. These actions are not tailored to conflict areas, and do not provide for the needs created by conflicts. Humanitarian Aid is more apt at tackling these demands. The terms of reference of Ukraine projects, and their actions did not reflect an identified risk of Russian invasion (UPBEE).

Development of Situation:

At the outbreak of the war, all stakeholders observed the situation, and coordinated to find a solution to keep all staff safe and prepare the continuation of the project. The UPBEE project could disburse needed funds, however for the Ukrainian government and the European Union, the priorities were on humanitarian assistance first, and not development assistance. Furthermore, it is the norm for ODA to be cut or reduced during times of crises ([Kharas, 2007: 15](#)), as major geo-political events reshape the world into uncertainty, development funds are put on hold. This happened after the fall of the Soviet Union, the 2008 financial crisis, and the 2021 Taliban offensive. However, this did not happen for Ukraine. From many interactions and meetings, all involved stakeholders agreed on an adaptable action plan to continue the local projects to help Ukraine however they could. The involved parties' adaptability to the situation prevented the projects in Ukraine from being cancelled or halted.

However, the conflict presents significant risks to EIB investments, and the success of their projects. Furthermore, people have questioned the disbursing loans to a country at war, both in moral terms, and on the issue of repayment. In essence, there are many questions that have arisen as to the risk taking of the EIB, cost-benefit justifications, and the relevance of development projects during the war. It was clear that the EIB was using the full extent of its development mandate, and its project contracts, while in doing so, pushing the limits of concessional financing to provide development assistance to Ukraine. I have witnessed firsthand the reaction of the EIB to the war in Ukraine as an employee of NTU International A/S, specifically by working on the Ukraine Public Building Energy Efficiency project (UPBEE). This reaction is not singular to EIB but is also made in cooperation with other IFIs such as EBRD and UNDP.

However, a constant that has remained has been the reaction of IFIs in conflict areas. Investments have always been avoided due to inherent risks to their staff, their investments and instability factors unique to each war-torn country. Internal and International armed conflicts undermine every aspect and goal of traditional approach to development projects. In response, IFIs such as the WB and UN have adapted strategies to Investments in conflict areas, such as the Fragility, Conflict and Violence strategy ([WorldBank, 2023](#)). However these strategies focus on the immediate and critical needs of the populations affected by instability and conflict, such as critical services, management of displaced population, and temporary employments ([ibid: results](#)), while deprioritising conventional long-term investment strategies such as SDGs' Affordable and Clean Energy, Innovation, or Sustainable Cities. Essentially, they focus on humanitarian aid rather than development aid, which have very different prerogatives and focuses.

Problem Formulation:

There were a multitude of possible responses to the conflict. If the EIB's focus was to safeguard its investments, the most direct action would have been to cancel pre-existing projects or freeze its projects until peacetime. If its priorities were to provide immediate critical assistance to Ukraine, it could have redirected existing funds and created a brand-new conflict area project. Instead, EIB has unexpectedly decided to resume its pre-existing projects, projects that have goals tailored to long-term development. As such it becomes necessary to understand the

factors, motivations, and reasoning behind the decision to continue these projects.

This decision will be the basis of this case study, founded upon a central question:

What are the key factors motivating the European Investment Bank (EIB) to maintain its activities in Ukraine during the Russo-Ukrainian war, despite the substantial risks to its investments?

This situation is quite unique, as the EU and EIB has taken many unprecedented measures to help Ukraine, pushing the limits to the definitions of concessional finance.

In this paper, the topic of EIB activities in Ukraine will be studied in close detail. The goal of this study is to understand the underlying political reasons for maintaining development projects in Ukraine. To do so, EIB's projects and focus will be analysed from a position prior to the invasion, followed by their adaptations after the invasion. Furthermore, their public discourse and decisions will be investigated and compared to their actions, and original goals in Ukraine.

Aims:

Through analysis and the guidance of the research question, this paper aims to provide a detailed picture of the factors that constitute the EIB's reaction to the Russo-Ukrainian conflict and identify the underlying motivations. This study will provide insight to the underlying interests and priorities of ODA providers, and the factors that play a role in a development agency's decision to support or exit a conflict area. However, it is important to recognize that human made crises (such as military conflicts) are different from natural crises, which are a perceived apolitically when providing aid. Natural disasters enlist a lot more diverse stakeholders due to the unilaterally positive image they provide to the donor, with little risks.

A war is an extreme example of the political aspect of international relations, which pushes IFIs to take unusual measures. It is in these most extreme international situations that a choice must be made between economic and political interest. Providing aid or assistance to a country at war automatically implies risks and political costs, by choosing a side or remaining neutral. But it is in these contexts, when political and economic pressures are at the highest, that we can see the priorities of international actors. Hence, this international crisis provides an opportunity to see the priorities of EIB when confronted with pressures, and identify what are the EIB's, and the EU's true interests in Ukraine. We will be able to understand whether the nature of EIB's reaction is political or economic, and the reasoning behind it.

Background Information

Context:

When the war began, foreign capital and investment halted or left Ukraine in anticipation of a full annexation (Lloyds Bank, 2023 & Rosen, 2023). As an example, the UPBEE project had all activities on hold and waiting for the situation to develop. Instability and conflict are inherently hinder investments in affected areas, due to the resulting uncertainty for the success of projects and investments, both long and short term (EIB, 2023b: 157).

However, with European consensus to support Ukraine, unprecedented measures were taken. The first weapons package and Military Aid funds done by EU is a big strategic shift, away from its vision as a peaceful entity (Brzozowski, 2022).

For the EIB, questions also arise as to why it has continued its activities, what factors played into this decision, and what this means for the future of European Investments as a whole. Just as the COVID19 pandemic pushed the EU to make unprecedented financial decisions such as a Common European health response and common borrowing (EC, 2020), the situation in Ukraine has provided the EIB with a special opportunity to continue supporting Ukraine in a

non-military manner and consequently justify and enhance the EIB's role as a foreign policy actor of the EU. If successful, these actions would provide a basis for increased investments and agency for the institution. I strongly theorise that the steps taken by the IFIs in this crisis, will have a long-lasting impact in IFI investment strategy, involvement in conflicts, and how IFIs are perceived on the international stage.

These implications demonstrate the importance of understanding the factors and reasoning behind investment institutions' and development banks' (EIB, EBRD, ADB, AFD, WB, IMF) reaction to crises.

Firstly, the topic warrants closer inspection into the reasons/factors that play a role into investing in conflict areas, whether by continuing projects or allocating increased funding.

Secondly, investment budgets and mandates in these agencies have increased. (EIB, 2022a: 79) With increased funding and wider array of investments, they are becoming a more influential actor (if not more independent actor) on the world stage so it is important to study their behaviour closely to understand and predict their actions and priorities, as well as the benefits and costs of these actions.

Lastly, development agencies have become a part of the Foreign Policy of nation-states, projecting countries values, and priorities abroad. Who they care most about, and what is their focus (Renewables, institutional support, Commerce, ESMF statutes, etc.).

History of Development Assistance:

To highlight the peculiarity of the situation, it is important to understand the setting in which EIB operates. As such a presentation of IFIs in a historical context is necessary.

Since the 21st century, there has been a focal shift in some IFIs' mandates and goals, away from purely economic investments, and towards investments with normative aspects, often based on their principal's norms (Kharas, 2009: 6). This linkage of norm and funding as a normative tool is especially present in bilateral aid, where the donors choose the conditions of the development assistance. Previously, the structure of ODA was simpler in structure and strategy (Kharas, 2009: 3). During the cold-war, development aid was mainly used in a goal of influence between the two compete ideological superpowers (Severino & Ray, 2009: 3). This approach to developing a country's economy simply through investment followed the rationale of state sponsorship, heavily tied to geopolitical and ideological belonging. The objective was to invest in a country to stabilize and develop its infrastructure in a bid to secure the recipient country to the donor's side and contain the spread of communism or capitalism. Essentially, these were single issue investments, of geopolitical influence. But investment mismanagements and issues of corruption, impeded investment opportunities and developmental success (Habib & Zurawicki, 2002: 303). As such, it was identified that foreign investments could necessitated an inter-sectional approach, to identify risks and assess the impacts of investments (OECD, 2001: 84)

In the 1990s, the field of development projects gradually shifted towards a more normative approach. 1992 marked the UN Earth Summit, which identified that current development was not providing enough long-term benefits. With Agenda 21, the UN drafted a comprehensive action plan for development goals until 2015, which was adopted in 2000 as the Millenium Development Goals (UN, 2023). The idea is that development and investment banks should not only provide financial aid/investment but also support the beneficiaries in other normative manners, exemplified by its focus on *SDG 17:Capacity Building* (UN, 2023). For example, donors would also develop best practices and share knowledge and training with the beneficiary to adequately sustain the long-term benefits of the project.

Funding from the World Bank and IMF were to be intrinsically tied to governance and socially related aspects. To be a good investment prospect, a beneficiary no longer depended solely on

economic factors of return on investment, but also on governance and social factors that attracted investors based on norms and values, often times from rich western countries. “Governance was thrust into prominence with the end of the cold war and the resulting need to recreate civil societies in former communist states” (Kapur & Webb, 2000: 3). This culminated in the now recognized *UN Sustainable Development Goals* of 2015 which frame many projects today, not only due to the widespread involvement of the UNDP in development projects, but also as the goals are easily identifiable and have been researched as a relevant pathway to sustainable development. This is exemplified also in EIB’s approach to Ukraine’s support (UPBEE, 2021: 5).

Difference between ODA and Aid:

Understanding the fundamental differences between Conflict Area investment goals and standard development goals, enlightens the peculiarity of the decision to continue existing projects in Ukraine.

Adaptations in existing development projects to alleviate the strains on the Ukrainian Government during the war have indeed helped justify the continuation of pre-existing development projects. With these adaptations, we have witnessed a unique approach to risky investments as exemplified by the Ukraine Public Building Energy Efficiency project (UPBEE). Most western Investment and Development funds have continued to support Ukraine throughout the war, adapting their goals and increasing funding. The pre-existing projects in Ukraine give little to no immediate benefits to Ukraine’s conflict needs, and thus were adapted to better respond to the conflict. But adaptations to projects will not account for the fact that peace-time development investments are fundamentally different to conflict-area investment.

What is the EIB and how does it function?

The European Investment Bank (EIB) is a financial institution operating under the mandates given by the European Union (EU). Created in 1958, the EIB was set up to support the EU's economic and social interests by providing long-term finance and expertise to support various projects. It is important to note that the EIB is not formally an EU institution, but an EU body (EU, 2023), an organisation that assists the EU institutions in its goals.

At the heart of the EIB's role is the financing of projects that are in line with EU priorities and contribute to economic growth, sustainability and development (EIB, 2022: 3 ,11). These projects fall into several broad categories, such as infrastructure development (e.g., transport, energy and water supply), innovation and research, climate action, and support for small and medium-sized enterprises (SMEs).

Within the EU, the EIB plays a key role in promoting regional cohesion and reducing economic disparities between Member States. By financing projects that stimulate economic activity and create jobs, it helps to bridge the economic gaps between regions. This commitment to development and cohesion supports the EU's wider social and economic objectives (Ibid.: 3). Outside the EU, the EIB extends its support to neighbouring countries and partner regions, contributing to their development and stability. In this context, it plays a key role in supporting sustainable development, combating climate change and promoting social and economic progress in these regions (Ibid.: 6).

One of the EIB's distinguishing features is its commitment to climate action and sustainability. It is a major contributor to the EU's climate objectives and the Paris Agreement, financing projects that reduce carbon emissions and promote renewable energy sources. This is part of the EU's global climate agenda and its commitment to a greener, more sustainable future.

To accomplish its mission, the EIB collaborates with various national and international organisations, including other development banks. These partnerships ensure that the EIB's financial support is maximised and that projects are implemented efficiently.

In addition to providing financial support, the EIB offers technical assistance to project promoters. This can include help with project design, feasibility studies and capacity building. In doing so, the EIB ensures that projects match EU external policy and meet EU norms standards.

To finance its operations, the EIB raises funds by issuing bonds on the international financial markets. These funds are then channelled into providing loans on favourable terms to beneficiaries, making it a cost-effective source of finance for public and private projects.

The EIB's governance involves a Board of Governors, made up of the Economy and Finance Ministers of the EU Member States, responsible for overseeing its operations. Day-to-day operations are managed by a President and supervised by a Board of Directors. The European Commission plays a role in defining the EIB's strategy and ensures its alignment with EU policies through its participation in the EIB's decision-making processes (EIB, 2022a: 10)

In short, the EIB, although not a formal EU institution, is a key player in the EU's development and external action efforts. It supports economic growth, sustainability and development through financing, technical assistance, and partnerships, both within the EU and in neighbouring regions. Its activities are aligned with EU priorities and contribute to the Union's wider development objectives.

What is UPBEE¹:

A concrete example of continued support is visible on the programme “Ukraine Public Building Energy Efficiency” (UPBEE), headed by EIB. Kicked-off on February 11th, 2022, this project intended to provide grants and loans to Ukrainian municipalities in need of funding to enact energy efficiency refurbishments of public buildings. The original goals of this project were to refurbish public buildings across small and medium-sized municipalities in Ukraine, integrating renewable energy measures. As a result of these renovations, UPBEE sought to reduce the energy intensity of public buildings, thereby lowering energy costs for the state, and local authorities while improving the strengthening energy security through decreased energy consumption and import. Furthermore, this project aimed to reduce the carbon footprint of municipal buildings and accelerate Ukraine’s transition towards renewable energy (UPBEE, 2022: 7). This is in line with the EU ‘s investment priority and strategy for Global Europe and European Fund for Sustainable Development (EC, 2022). NTU International A/S, an international consultant, was hired to provide technical assistance to the project, helping in the coordination between the donor and the beneficiaries, build local capacity by providing training and promoting municipal participation. In addition to this, NTU would ensure efficient project management, capacity building, reporting on the project’s progression and enhance cooperation between stakeholders (UPBEE, 2022: 11).

¹ references made to the UPBEE programme will be exceptionally cited as “(UPBEE, 2021)” instead of “(EIB, 2021)”. The terms of reference of the project are indeed drafted by the EIB and displayed on the EU tendering website. This decision was made with the aim to distinguish when the UPBEE project is directly referenced, from the many other official EIB sources used in this document. The project ToR are freely available here: <https://etendering.ted.europa.eu/cft/cft-documents.html?cftId=9431> and will be included as an annex to this thesis.

Multiple Stakeholders:

The UPBEE (Ukraine Public Buildings Energy Efficiency) involves many different Ukrainian, European and international actors. To understand the complexity of this project, it is important to understand the multiple stakeholders of the UPBEE project:

- The central actor, and main donor of the project is **European Investment Bank (EIB)**. As the contracting authority (UPBEE, 2021: 13), the EIB has defined the project terms of references, scope, and all involved stakeholders. They will provide final approval on deliverables related to the project.
- The **United Nations Development Programme (UNDP)** provides support to the EIB, as a partner, assisting local in sub-project implementation, offering expertise in project design, due diligence, and compliance, through monitoring and verification.
- The **Delegation of the European Union** ensure the political visibility of the project, coordination of EU and Ukrainian political institutions, and facilitation of EU-Ukraine cooperation as part of its goal within the EU-Ukraine Association Agreement (UPBEE 2021: 15)
- The **Ministry of Communities and Territorial Development (MCTD)** is responsible for creating a Programme Management Support Unit (PMSU) and guide the project to ensure it is tailored to Ukrainian needs (UPBEE, 2021: 13).
- The **Covenant of Mayors' (CoM)** role focuses on advocacy, training, and project selection for municipalities. Within the project, it will liaise between the governmental institutions and the municipalities.
- **The Final Beneficiaries** are the municipalities, regions, and local governments. They are responsible for issuing proposals to the Call for Proposals, collecting relevant information, and implementing the selected sub-projects in line with UPBEE project guidelines, and EU norms.
- The **Ministry of Finance (MoF)** coordinates financial aspects, including EIB disbursements of loan to municipalities. They will coordinate with the MCTD to provide Loan Funds Transfer Agreements, payments, collect reimbursements, and approval of financial audits upon their requests.
- A **Programme Steering Committee (PSC)** is meant to be the central approval and coordination body of the project (UPBEE, 2021: 15). It oversees and approves activities, with representation from EIB, MCTD, local government, Covenant of Mayors, UNDP, and others. It ensures that stakeholder interests and needs within the project are addressed and ensures coordination and cooperation between involved parties.
- **Other Donors** are active within the scope of the project, such as GiZ, Nefco, EBRD, World Bank, USAid, and KfW. Close cooperation with related programmes strategic to avoid double funding, and thus coordination with these international organizations and ODA institutions will be required.

Method

To portray the study, this paper will firstly detail the systematic approach undertaken to answer the research questions and achieve the objectives set forth in this study. The methodology of the study will be organized as the following.

Firstly, the epistemological underpinnings upon which the study will be based, followed by the research method such as the approach, the data sources, and procedures employed to collect, analyse, and interpret data. Following this depiction, and once the approach has been detailed, the tools used will be presented, thus being the Qualitative approach, and a brief explanation of the sources used. Finally, the limitations of the study will be explained, as well as ways in which this study faces said limitations, or resolves these issues.

This section aims to offer a comprehensive understanding of the research design, and to clarify to the reader the validity and reliability of the findings presented in the analysis.

Research Philosophy:

This research adopts an Interpretivist research methodology, which is grounded in the theoretical frameworks of Liberalism and Constructivism. Both Liberalism and Constructivism are aligned with an interpretivist approach due to their underlying assumptions.

While it's worth noting that neoliberal assumptions bear similarities to Realism's observations, potentially aligning with a positivist interpretation of International Relations (IR), Liberalism, particularly as elucidated by Moravcsik, challenges the idea of humans as strictly rational actors engaged in perpetual competition. Moreover, the principles of Liberalism support both positivist and interpretivist assumptions, as they are founded on individuals' interpretations of power dynamics. Moravcsik's notion of fallible humans further supports an interpretivist perspective by acknowledging that humans can make decisions they initially perceive as rational but later recognize as irrational. Additionally, human perception of a situation is imperfect, and individuals interpret it based on the available information and their priorities. Different countries may interpret the use of force differently, and what one party deems reasonable concessions might be viewed as unreasonable by another. As such, perception remains subjective, reinforcing the interpretivist nature of this research.

Constructivism, on the other hand, aligns more directly with an interpretivist perspective. As explained by Wendt (2006), constructivist views inherently involve interpretation, as international relations are built upon understanding and interpreting others' power, shared knowledge, and common understandings. Therefore, the core principles of Constructivism inherently lead to an interpretivist viewpoint.

Given the inherent connection to interpretivism, this research will analyse how the EIB, as an extension of the EU, interprets the situation in Ukraine. The goal is to gain insights into their perspectives and reasoning behind their actions, allowing us to understand their perception of the situation. This interpretivist approach also allows for a critical examination of their actions, as it acknowledges that the EU and EIB may misinterpret the situation or focus on incorrect metrics, potentially leading to mistakes. The importance of the subjective aspect, within the topic at hand, is critical to the study.

This chapter will explain the methodological approach of this study in its entirety, starting with the explaining epistemological approach to the study. Following the justification of theory, the research approach will be developed in detail, as well as the research strategy used in this

project. Subsequently, the structure of the paper will be presented. Finally, I will detail the limitations of this study, and provide an explanation of how I addressed them in this paper.

According to neo-constructivist ontology (Wendt, 2006), a positivist epistemology is difficult to achieve. To follow neo-constructivism's approach to research, this paper provides an interpretivist understanding of knowledge. In line with this epistemology, the research used in this paper was focused on Qualitative Data.

Qualitative data offers many advantages that coincide with the subject of this study. Firstly, qualitative research will provide a narrower pool of data, allowing for an in-depth examination and interpretation of key data that will be recurring in the study. Furthermore, the nature of the topic calls for discourse analysis approach in certain aspects. Notably, EIB and EU public discourse with regards to their projects in Ukraine will be compared to their actions in the country, which will also provide a deeper look of whether their discourse matches their actions, or if they only provide vocal support. Furthermore, research on constitutive documents such as statutes and project documents will be inherently part of a qualitative data research. Indeed, the scope of projects, the mandates of the EIB, are all detailed in specific documents, and cannot be extrapolated accurately from a Quantitative data set.

Research Type:

I initially delved into the subject by exploring how the European Investment Bank (EIB) and the European Union (EU) reacted to the Russian invasion of Ukraine. As I gathered data and delved deeper into the topic, I began to see its relevance in the broader context of EU Enlargement, Foreign Policy, and Strategy. It became clear that to comprehensively understand and analyse the dynamics involved, a more systemic theoretical framework like Liberalism and Constructivism was necessary.

It's worth noting that employing a systemic theory in a case study context might seem counterintuitive, a point I will elaborate on in the limitations section. However, my research philosophy isn't about finding the perfect theory tailored to explain the specific actions of the EIB. Instead, it's about contextualizing the EIB's actions within the broader realm of International Relations.

The underlying idea is that by scrutinizing these specific actions, we can gain insights into how the EU responds to conflicts in its neighbourhood. We can discern what the EU considers its priorities and key factors when considering its reactions and the extent to which it is willing to engage in a conflict. Hopefully, this study will offer a valuable contribution to a more comprehensive analysis of EU development, EU Foreign policies, or Enlargement policies. This case study can provide additional insights and information, serving as an extension to a larger subject that goes beyond the scope of a master's thesis.

Research Strategy:

The choice of a Case Study was based upon the possible scope of the study. Indeed, a larger study of the role of ODA projects in Ukraine reacted would be eclectic and possibly inconclusive, as many different Development actors have reacted in different ways, depending on several factors, and diverging priorities. Hence, a narrow scope was necessary to anchor this study.

Furthermore, a more holistic study on how the EU interacted with Ukraine since the war, would be superficial. The level of support from the EU has undoubtedly been multi-faceted, from unprecedented military support to unrestricted financial support, and refugee hosting programmes in EU countries (EU, 2023). Analysing such a wide-ranging topic would prove to be a complex task, within the scope of the study. There are many EU initiatives providing

support to Ukraine, through different institutions, such as the Council of Europe Development Bank, the European Bank for Reconstruction and Development, and the European Commission. Lastly, Analysing EIB activities in a general sense would fail to depict precisely some of its actions in a contextual sense. While we could derive a general direction of EIB strategy, based upon strategic documents and mandates, each of EIB's development projects outside the EU are tailored to their sector, and geographic location. These projects are shaped by feasibility studies, and the needs of the beneficiaries. The choice of the UPBEE project as a case study hence creates a balance, by presenting a general picture of EIB activities while also going into detail of a project that impacts critical infrastructure, and issues close to EU values, the Green Transition. The use of a systemic IR theory is what will allow this case study to fit into a wider perspective of EU support to and cooperation with Ukraine.

The specific choice of EIB, and the UPBEE project as a case study stemmed from my professional involvement with on this project, in addition to my specialty of EU Studies. Furthermore, as a geographical neighbour to Ukraine, the EU has been deeply affected economically, security-wise, and demographically. Furthermore, the conflict has been the main point of policy for the EU since its outbreak. As such, studying the perspective of a specific EU institution is defendable as it will present whether EU institutions remain united in their response and methods.

Data Collection and Analysis:

To answer the problem formulation, and to support my theory, I have gathered and will base this paper on robust, official qualitative data, and research.

For the research, Qualitative data became evident as an approach to the problem, scanning through EU documents and official EIB sources will be an efficient method of collection of Primary sources. To support this data, secondary sources can be used, which will give insight into the primary sources and possible avenues of interpretation.

Specifically, the data used has been discourses, mandates, statutes, and other legal formative and policy documents. Furthermore, official reports have been used.

From this data, a Content, discourse and thematic analysis has been used to provide insight into the reasoning behind EIB's decisions to continue its activities in Ukraine.

The discourse analysis provides an important insight on the EIB's and EU's public rendition of their priorities in Ukraine. This helps show what these institutions seek to portray to the public. The Content analysis, along with thematic analysis, provides deeper insight into the actual actions of the EU and EIB, and what their priorities may be within their projects. As the project priorities has shifted since the Russian invasion, reestablishing these priorities outside of the original goals of their projects, are a necessary basis to understand the reasoning of EIB.

Analysis Structure:

The first part of the analysis of this paper aims to contextualize the topic by providing a detailed analysis of the EIB activities in Ukraine prior to the war. This is done with the use of activity report and discourse analysis, as well as certain news articles and academic studies. By showing initial investments and projects in Ukraine, along with corresponding discourse, part one provides a detailed understanding of EIB goals, mandates, and priorities prior to the outbreak of the war. It will also show EIB's initial approach to investments in Ukraine in relation to a theory of international relations.

Firstly, by researching the discourse, policy and prior EIB projects in Ukraine, this part will set an overall context of how the EIB was approaching investments in general, at a strategic level. The discourse analysis will help in understanding what the EIB publicly sought with Ukraine. Strategic and investment reports will help fulfil any gaps and strengthen or disprove the

discourse.

Once the general approach has been set, the analysis will provide a more specific understanding through the analysis of the UPBEE project. Part 1 will also analyse the pre-existing context, prior to the war, of EIB investments and development projects through the original ToR of the UPBEE project, which offers insight into the approach initially intended by the EIB, as well as the goals it had set for Ukraine.

Hence, by analysing not only prior strategic and investment reports, but this part will also provide clarity Original EIB approaches to interactions with Ukraine, and what underlying philosophy it used. It will also provide a contextual understanding of the project we are specifically using as an example, UPBEE. As the project was awarded only a few days before the invasion, it is an important capsule that provides relevant information of EIB priorities, and strategies prior to the war. Understanding this baseline will give us a depth when analysing the changes that occurred later, whether it be shifts in priorities, temporary measures, or changes in the overall understanding of the project.

Following extensive research, an emphasis on total support and exceptional measures have been the philosophy in the EIB's and EU's reactions. This, in tandem with the vocal underlying message of supporting democracy, supporting Europeans, and the similarities between EU and Ukrainian citizens, instilled a constructivist approach to the EU's reaction in Ukraine. As such, it was decided to focus on this theory for an initial analysis.

This will be done with a study of common understanding and knowledge between EIB and Ukraine, as to their role in this conflict, and in regard to each other. It will also be done by analysing the possible normative and identity driven discourse, and to what extent these.

For a true critical interpretation of the changes, it is also important to interpret the changes from another theoretical approach and find whether constructivism is the best explanation to the EU reaction. Following the initial data, and the interpretivist approach, as well as discourse analysis, and pre-existing liberal agendas in the country, it was decided to analyse the extent to which a liberal interpretation would fit and continue to fit after the war.

This will be done by analysing the main factors that determine a neo-liberal basis of IR. Key factors and assumptions of neo-liberal approaches to IR will be investigated. An interpretation of the situation through the key liberal factors such as Republican Liberalism, ideational and commercial mechanisms of cooperation, and formation of state preferences will be identified. This third part will provide a necessary insight in interpreting the war as a paradigm shift in EIB – Ukraine relations towards Constructivism, or a continuation of EIB's Neo-liberal approach to ODA.

Methodological Limitations:

There are several methodological limitations that impact this thesis.

Firstly, and contextually, the temporal scope in which this study was done and the fact that this war is still ongoing means that no finalized conclusion from the EIB can be extrapolated, though analysing the way in which they decided to invest their time, money, and focus is already telling of the Foreign and Development strategy. In fact, a turn of events can effectively falsify these findings, and change stakeholders' actions and motives. However, the analysis of the initial motivations of the EIB supports is still relevant in the context of the initial invasion, outside of any turning point.

Secondly, the limitation of a case study are also the very reasons case studies can be pertinent. Case studies seek to specifically study indepth a case that could be telling, or emblematic of a situation. In our case, this situation would be emblematic of how the EU prioritises when

responding to conflict, in terms of development and financial aid (and not in terms of military/political response). How a profit-oriented organisation, officially independent but still mandated by EU, can provide indeed a metric of how much the EU is invested in this issue, and its approach to development in Conflict Areas.

At the same time we cannot generalise this reaction to all the neighbourhood, as the EU response depends on more factors than just geographical proximity. We cannot generalise this case study in a way that all EU members support this EIB direction, as Hungary has been shown to support Russia. And we cannot generalise the EIB's approach to all Development Organisations, as even though UNDP has been very involved to help Ukraine, all Ios have had their own reactions to the war.

It is in extreme conditions policies and interpretations are stressed to the limit, and no political context is more extreme than war. As such we are able to see in raw form what the EU focuses on in the IR, what their priorities are, and extrapolate an understanding of how they could react in the future.

The specialisation of this study is also its shortcoming depending on the expectations of the reader. To counter these possible limitations, it is important to have a very well explained scope of the study, in which to orient the reader on the subject of this study, the scope, and the expected results. By analysing the key factors that affected the EU's and EIB's decision to support Ukraine, and then in what way they have supported Ukraine, hopefully this case study accurately represents the points of focus of the EU and EIB when deciding to support a country in a conflict.

Thirdly, the behind closed doors nature of negotiations creates a difficult field to study. Without knowing which points of assistance were particularly debated, it is difficult to nuance if any pushback occurred from the EU, the EIB, or Ukraine.

It is important to understand that most of the data presents the EIB in a positive light. Furthermore, my work at NTU international gives me access to internal working meetings between Ukraine, EIB, and the Consultant in the context of the UPBEE project.

Lastly, just as this case study is a tool to help understand the EU's relation to Ukraine, it cannot be the only study upon which to base our understanding of these complex relations. The uniqueness of the situation can be telling, due to the very unidimensional reaction of the EU towards Ukraine and Russia. In more nuanced conflicts, the EU might react differently, or might not act at all if circumstances seem too complex and nuanced for the EU foreign policy.

Conclusion to the method:

This study's approach to a case study seeks to implant the results of this case study in a wider context of international relations. In this attempt, a choice to use a systemic theory of IR has been decided to better contextualize this study into other potential study of EU-Ukraine relations since the war. Following initial research, two possible systemic theories have been identified as possible approaches that the EU is using in its relationship with Ukraine: Constructivism and New Liberalism.

Following the use of these theories, the unique and unprecedented characteristics of this world event, a Qualitative Data research and Analysis was chosen as the most appropriate method of gathering and introducing analysis. The interpretivist epistemology of Constructivism, and the ambivalent nature of new liberalism, meant that this approach was preferable to a Quantitative data analysis.

Some of the limitations of this study are inherent to the format of a case study and the

developing nature of the context. The ongoing war means that no final conclusion can be derived from this work. The uniqueness of the case study means that we can't transpose the result to another conflict area. To counteract these limitations, this paper aims at understanding the underlying key factors that allowed EIB to take such unprecedented actions in support of Ukraine. Understanding these factors, and whether a nation fits these factors in the eyes of the EU, may help us predict the EU's response to conflict in the world, depending on their interpretation and understanding of the belligerent, and the involved parties.

Theoretical Framework:

In this section, the aim is to delve into key theoretical perspectives and concepts that are integral to our research, offering readers a robust theoretical framework upon which they can base their understanding of the subsequent empirical analysis.

This paper's aim is to fit into a wider study of the EU's reaction to conflict, and the role of ODA as a foreign policy tool. IFIs also represent actors' (nations and IOs) interests through investment norms, and their focus on regions of the world. The use of main schools of IR is based upon the attempt to contextualize this topic into the systemic approach of international relations, and that the zoom into ODA provides with implications and effects on Foreign Policy, and relations. Furthermore, and as will be shown below, the use of the main schools of IR to study IFIs has been done previously in case studies and in relation to foreign policy (Tallberg et. Al, 2020).

Of the main schools of IR, the examination of our subject will be on two theories of international relations, Liberalism and Constructivism, though mostly their contemporary counterparts. The approach of Realism to study the development activities in a country at war would be complex task due to the very distant relation between the Realist assumptions and EIB actions upon preliminary observations. In fact, through initial research and as it will be elaborated upon in the analysis, international private interest almost entirely subsided from Ukraine as the war began, and only a few remained following the state affirmation of continued support.

The aim of the main schools of IR is to present a systemic view of foreign affairs, and international relation. To explain the world holistically and draw out recognizable patterns that, with as a final goal to be a predictive tool. Both Constructivism and New Liberalism seek to explain international relations through cooperation, norms, a plurality of actors, and importantly for this case study, the roles of international institutions. Yet they both emphasize certain factors differently, from their ontological assumptions to their dominant actors and actions.

Liberalism

The analysis of this thesis' topic will be done from the point of view of Moravcsik's liberalism. When identifying types of liberalism, it was deemed necessary to use a contemporary theory more tailored towards the international dynamics of the turn of the century. Neoliberalism provided a structured explanation to the UPBEE's diversity of stakeholders, normative

undertones and basis of cooperation.

A direct analysis of based on Andrew Moravcsik description of Neoliberalism is supported by his international recognition in the field of international relations, as a foundational scholar of Neoliberalism.

The basis of study of Moravcsik's Neoliberalism (also called New Liberalism) is a pluralist and bottom-up study of international relations. Moravcsik acknowledges that there are diverse factors that determine international relations, and that state preferences are formed domestically, from the interests of individuals and societal groups. These domestic interests compete to be represented in the government, becoming national interests, which in turn are articulated internationally.

The positivist nature of Moravcsik's theory aims to establish a causal and verifiable link between theoretical assumptions and policy outcomes (Moravcsik, 1992: 516). In Moravcsik's view, this was a necessary step to create an empirical systemic theory. In liberalism, "State Preferences" are the main factor determining international relations, contrary to Realism's focus on capabilities and material resources, and constructivism focus on norms and interpretations. Neoliberalism's understanding of international relations rests upon 3 foundational assumptions that determine how states interact.

1. The Primacy of Societal Actors

"The fundamental actors in international politics are individuals and private groups, who are on the average rational and risk-averse and who organize exchange and collective action to promote differentiated interests under constraints imposed by material scarcity, conflicting values, and variations in societal influence."
(Moravcsik, 1997: 516)

The fundamental hypothesis of neoliberalism in the theory of international relations emphasises the central role of social actors. According to this hypothesis, it is individuals and groups within society that play a key role in determining how states behave on the international stage. This view is based on the idea that these social actors are largely rational, seeking to promote their interests, both material and ideational, through exchanges and collective action.

Differentiation and Competition:

A key feature of this hypothesis is the recognition of the diversity of interests within society, the "differentiation" (Ibid.: 517) of social actors. In opposition to the idea of an automatic harmony of interests within a state, neoliberalism emphasises that the scarcity of resources and differences in interests inevitably introduce a degree of competition between social actors. Societal groups will compete to have their interests represented at the governmental level, and causally, at the international level.

Rational and Risk-Averse Actors:

However, Neo-liberalism explains that individuals are rational actors, and will tend to be risk averse. Actors will seek to maximise benefits while minimising risks. According to Moravcsik (1997: 517) "individuals are on the average risk-averse; that is, they strongly defend existing investments" but remain more cautious about assuming cost and risk in pursuit of new gains." However, he nuances this explanation as he emits the possibility of exceptions to these general observations, the potential presence of risk-acceptant or irrational societies.

Inequality, a catalyst for conflict:

Several factors are identified as being linked to cooperation or conflict. Differing beliefs on issues such as borders, culture, fundamental political institutions and local social practices are seen as potential sources of conflict (Ibid.: 517). Complementary beliefs, on the other hand, promote cooperation.

In addition, the neoliberal hypothesis emphasises the importance of power inequalities. When power is fairly distributed within society, actors tend to internalise the costs and benefits of their actions (Ibid.: 517). This reduces the incentives for coercion. However, where there are significant inequalities of power, groups may have an incentive to seek gains at the expense of other actors, even though this may be inefficient for society as a whole. The act of societal groups internalising acting in ways that internalises benefits, while disproportionately off-setting the costs on society as a whole, is depicted as Rent-Seeking behaviour.

In short, this first hypothesis of neoliberalism highlights the importance of social actors, their interests, beliefs and power inequalities in understanding the behaviour of states on the international stage. It offers a dynamic perspective that seeks to explain how cooperation and conflict emerge from complex interactions within international society.

2. Societal Representation and State Preferences

“States (or other political institutions) represent some subset of domestic society, on the basis of whose interests state officials define state preferences and act purposively in world politics.” (Moravcsik, 1997: 518)

The second hypothesis of neoliberalism, according to Moravcsik, focuses on the notion of representation and the preferences of states. From this perspective, the state is not seen as an autonomous actor, but rather as a representative institution constantly subject to capture and recapture, to construction and reconstruction by coalitions of social actors. Representative institutions and practices are essential for translating the preferences and social power of individuals and groups into state policies. In other words, they act as a critical “transmission belt” (Ibid.: 518) from the domestic level to the international level.

States Represent a Subset of Domestic Society:

Neoliberalism emphasises that individual’s pressure and act on the state to achieve goals that they cannot achieve privately (Ibid: 518). As a result, government policies are constrained by the individuals and groups. They impose identities, interests and power, both upon and within the government. These actors pressure governments to pursue policies consistent with their preferences.

Dynamic Nature of State Representation:

The neoliberal conception of domestic politics views the state as a representative institution that is continually subject to change and influence. As explained in the previous section, social actors within society compete to capture and secure their interests at the state level. Representative institutions and practices act as a “transmission belt,” translating the preferences and social power of individuals and groups into actual state policies.

Diversity in Representation:

It is important to note that neoliberalism does not consider that all individuals and groups have an equal influence on state policy, nor that the structure of the state unimportant. Each government represents some individuals and groups more fully than others. The characteristics

of state institutions and representative practices themselves play a decisive role in the international actions of states.

Factors Influencing Representation:

The notion of representation is determined also by the structure of the state. privilege certain social interests. "Certain domestic representational processes may tend to select as leaders individuals, groups, and bureaucracies socialized with particular attitudes toward information, risk, and loss" (Ibid: 518). In addition, the state's perception of individual rights can determine opportunities for representation. A state with a strong control over speech and media will tend to under-represent societal groups without access to state institutions. Some representational process may advantage socialised individuals, groups and bureaucracies with particular attitudes to information, risk and loss, as leaders.

It's important to distinguish between state preferences and strategies or policies. State preferences refer to fundamental interests constituted by internal societal actors. "Preferences are by definition causally independent of the strategies of other actors and, therefore, prior to specific interstate political interactions, including external threats, incentives, manipulation of information, or other tactics" (Moravcsik, 1997: 519). Strategies and policies involve the positions, demands, or goals that states pursue in specific international interactions. These strategies are developed in the context of the international system and are thus dependent on interactions. Moravcsik's new Liberal theory focuses on changes in state preferences as a key factor when analysing state behaviour.

Functional Differentiation of States:

"Taken together, assumptions 1 and 2 imply that states do not automatically maximize fixed, homogeneous conceptions of security, sovereignty, or wealth per se, as realists and institutionalists tend to assume" (Ibid.: 519). Moravcsik argues that states are "functionally differentiated" and pursue specific combinations of goals aligned with dominant domestic groups' interests. The intensity of national support for various state purposes varies depending on the social context, and states often make trade-offs among these goals.

To summarize this second hypothesis of neoliberalism, societal pressures transmitted through representative institutions and practices alter "state preferences", which refer to a prioritisation of the underlying substantive outcomes that may result from international political interactions. This view of neoliberalism highlights the essential role of representative institutions and processes in shaping state policies and emphasises that states do not automatically pursue fixed and homogenous conceptions of security, sovereignty or wealth, but rather specific combinations of these goals that are shaped by powerful social groups in society.

3. Interdependence and the International System

"The configuration of interdependent state preferences determines state behavior." (Moravcsik, 1997: 520)

The third neoliberal assumption in question explores the idea of interdependence and its role in the international system. According to Moravcsik, the way in which states interact on the international scene depends closely on the configuration of their interdependent preferences. For neoliberals, each state needs an underlying 'goal' or interest in order to engage in conflict, offer cooperation or undertake other significant foreign policy actions. This underlying purpose or interest is essential to motivate foreign policies.

This does not mean that each state simply pursues its ideal policy without regard to other international actors. On the contrary, states seek to realise their distinctive preferences while facing constraints arising from the preferences of other states. Neoliberals thus oppose not only the realist assumption that states' preferences naturally conflict, but also the institutional assumption that they should partially converge, creating a problem of collective cooperation. Instead, they focus on variation in the configuration of state preferences.

The key concept linking state preferences and state behaviour is that of policy interdependence (Ibid: 520). This refers to the set of costs and benefits resulting from attempts by dominant social groups in a society to concretize their external interests, in other words, the transnational interactions resulting from these attempts. Neoliberals consider that the model of interdependent state preferences imposes constraints on the behaviour of states, in other words, the external interests, and the dominant group's dependency on these interests imposes a behaviour on the state.

Interdependent State Preferences:

Interdependencies and state interactions resulting from efforts to realise state preferences can be classified into three main categories (Ibid.: 520-521). When preferences are naturally compatible, this creates a strong incentive for coexistence with little conflict. On the other hand, when preferences are "zero-sum game" or deadlocked, this creates a high potential for tension and conflict between states. Inter-state conflicts are motivated by conflicting preferences, rather than by any particular configuration of power or uncertainty.

Finally, when motivations are mixed, states have an interest in negotiating policy coordination. The incentives for cooperation vary according to the nature of these preference models. Neoliberals consider that the form and level of cooperation depend on these preference models.

In short, this third neo-liberal hypothesis emphasises that the way in which states behave on the international stage depends on the way in which their preferences interact and influence each other. This opens the way to a more nuanced understanding of state behaviour in foreign policy, emphasising the interdependence of preferences and the resulting transnational externalities.

VARIANTS OF LIBERALISM

1. Ideational Liberalism:

Ideational Liberalism emphasises the influence of social identities and national values as fundamental determinants of states' choices and preferences. According to this approach, the set of preferences shared by individuals concerning the scope and nature of public goods determines the definition of the legitimate domestic order, specifying which social actors are part of the political community and what rights they are entitled to.

Ideational Liberalism identifies that identities can arise from historical accumulation over time or be consciously constructed through collective or state action. Moravcsik identifies three key elements of national identity stemming from social identities: geographical boundaries, political decision-making processes and socio-economic regulation (Moravcsik, 1997: 525).

Geography and Citizenship Identification:

Identity-based preferences influence international relations based on transnational interests. "Where national conceptions of legitimate borders, political institutions and socio-economic

equality are compatible, this favours cooperation. “Where national conceptions of legitimate borders, political institutions, and socioeconomic equality are compatible, thus generating positive or negligible externalities, harmony is likely” (Moravcsik, 1997: 525). The three main sources of ideational identities - national identity, political identity and socio-economic identity - have direct implications for international dynamics.

The first source of national identity concerns the geographical notion of "nation", creating an idea of legitimate delimitation of national boundaries, and its corresponding idea of citizenship. The roots of national identity may derive from shared identification with elements such as language, culture, religion or common historical experiences. Where borders coincide with these national identities, coexistence and even mutual recognition are more likely (Ibid.: 526). On the contrary, non-shared beliefs of national borders and underlying national identities create greater potential for international conflict.

Recognition and Legitimacy on Institutions:

The second source, political identity, concerns the commitment of individuals and groups to particular political institutions.

Differences in perceptions of domestic political legitimacy translate into different underlying preferences, thus influencing the dynamics of international conflict and cooperation. Situations where the realisation of the legitimate domestic political order in one jurisdiction threatens its realisation in other jurisdictions are more likely to generate conflict. On the other hand, where national conceptions of legitimate policymaking are mutually reinforcing, coexistence or cooperation is more likely.

Legitimacy of regulation and redistributions:

Finally, the third central source of social identity concerns the nature of legitimate socio-economic regulation and redistribution. Society's preferences for socio-economic regulation and redistribution impose limits on markets (Ibid.: 527). When the realisation of these preferences generates significant externalities across borders, this influences the behaviour of states in international relations. These can appear as protectionist policies for example. International cooperation in areas such as environmental protection, taxation, social policies and immigration depends on the prior convergence of underlying values. In the absence of such value convergence, cooperation is hampered, particularly where economic liberalisation is concerned.

In sum, Moravcsik's liberal ideationalism provides an analytical framework that highlights the aspect of social identities and values on the behaviour of state actors in the international system. This perspective contributes to a more nuanced understanding of the motivations and dynamics underlying international relations.

2.Commercial liberalism:

“Economic Assets and Cross-Border Transactions” (Moravcsik, 1997: 528)

This variant examines the behaviour of states, both individually and collectively, through the lens of economic incentives and cross-border transactions. This perspective emphasizes the impact of changes in the structure of the domestic and global economy on the decisions of governments, which can either facilitate or obstruct transnational economic exchanges.

Market Incentives:

Commercial liberalism assumes that the commercial cooperation, in tandem with representation, are key determinants in transnational interactions. Therefore, shifts in the

domestic and global economic landscape affect the costs and benefits associated with economic interactions. These changes create pressures on governments to adopt foreign economic and security policies that either encourage or impede such exchanges.

Not Ideological Free Trade:

Unlike an ideological stance in favour of unconditional free trade, commercial liberalism however “does *not* predict that economic incentives automatically generate universal free trade and peace” (Moravcsik, 1997: 528). Instead, it focuses on the interactions between economic incentives for certain policies and the obstacles posed by distributional inequalities at domestic and transnational levels.

Incentives for Policies:

Commercial liberalism starts by acknowledging the overall welfare gains derived from international trade due to inherent differentiation and ability to address scarcity. It then seeks to explain deviations from policies that would maximize these gains. It depicts the role of powerful private actors, who pressure governments to support transactions that benefit them economically.

Distributional Conflict:

One potential resistance of economic cooperation is domestic “distributional conflict”. It states that “when the costs and benefits of national policies are not internalized to the same actors, thus encouraging rent-seeking efforts to seek personal benefit at the expense of aggregate welfare” (Moravcsik, 1997: 529). Industries that are uncompetitive, monopolistic, or undiversified are more likely to oppose liberalization.

Global Market Imperfections:

Commercial liberalism recognizes the presence of market imperfections at the global level, such as increasing returns to scale, high fixed costs, and concentrated sources of supply, which can lead to strategic behaviour by firms. Governments may engage in policies like predatory dumping abroad while seeking domestic protection and subsidies. These policies can create international conflicts.

Security Implications:

It is identified that trade is in general a better alternative of accumulating wealth compared to war, due to the destructive effects of war on infrastructure, people and economy. Commercial liberalism suggests that complex interdependent commercial ties make disincentivise coercion through war. In this frame, economic development generates a “material stake in existing investments, thereby reducing their willingness to assume the cost and risk of coercion through war or sanctions” (Moravcsik, 1997: 530). Furthermore, as commercial relations intensify and complexify, monopolies that would risk conflict become harder to uphold due to the inherent differentiation of interests.

In summary, commercial liberalism offers insights into how economic incentives and distributional conflicts influence the foreign economic and security policies of states. It recognizes that trade and economic interdependence can be both a driver of cooperation and a source of conflict in international relations, depending on various factors in the global economic landscape.

3. Republican liberalism

Republican liberalism focuses on how domestic political institutions and practices represent and portray societal preferences hereby transforming into state policies. The central variable in this variant is the mode of domestic political representation, which determines whose social preferences are given institutional privilege.

Representation and Policy:

This variant emphasizes the role of political representation in shaping policies and their impacts. When a certain group gains control, they tend to shape policies to serve their interests at the expense of broader societal welfare. A democratic representation of societal groups, however difficult to achieve, would create a more differentiation and nuanced palette of interests, hereby counteracting these behaviours.

Bias in Representation:

A biased representation can result in policies that favour the governing coalition or powerful domestic groups. This bias occurs when specific groups have disproportionate influence over decision-making processes and can pass on the costs and risks of their preferred policies to others.

Rent Seeking: Rent-seeking behaviour is a central concept in republican liberalism. As mentioned earlier, and stated by Moravcsik, “the more unbiased the range of domestic groups represented, the less likely they will support policies that impose high net costs or risks on a broad range of social actors” (Moravcsik, 1997: 531). By contrast, when particularistic groups formulate policies without generating offsetting gains for society as a whole, it can lead to inefficient and suboptimal policies from a broader perspective, as “privileged individuals can easily pass costs on to others” (Ibid. 531). Such policies can even result in costly international conflicts.

Somewhat tied to the idea of rent-seeking behaviour and political representation, is the behaviour of states in regard to economic policies. “In the liberal view the creation and maintenance of regimes assuring free trade and monetary stability result [...] from the ability of states to overcome domestic distributional conflicts in a way supportive of international cooperation” (Ibid. 533). In essence, an undemocratic, biased representation of interests may lead to protectionist policies, inherent creating inefficiencies within the domestic economy.

Democratic Peace:

Hence, Republican Liberalism is closely associated with the concept of the “democratic peace”, the idea that governments with a diverse and egalitarian set of representation “tends to inhibit international conflict” (Ibid. 531). It suggests that democracies are less likely to engage in wars against each other because leaders who must bear the costs of war are chosen by the people. This accountability reduces the likelihood of leaders pursuing policies that lead to international conflict. “Liberal democratic institutions tend not to provoke such wars because influence is placed in the hands of those who must expend blood and treasure and the leaders they choose” (Ibid.: 531). Correlating with the idea of democratic peace is the assumption that most individuals and groups in society are risk averse. It suggests that broad representation tends to discourage policies that impose high net costs or risks on a wide range of social actors.

In summary, republican liberalism emphasizes the role of domestic political representation in shaping state policies and their impact on international relations. It highlights the importance of representative institutions in promoting policies that are in the broader interest of society and reducing the likelihood of extreme policies that lead to international conflict.

Constructivism

Wendt expressed his doubts and the shortcomings on Neorealist and Liberalist approaches to International Relations in his "*Social Theory of International Politics*" published in 1999 (Wendt, 2006). In turn, he offers an alternative interpretation of international relations through the lens of Constructivism. He explains the following: In this book I tried to show that Neorealism's problematic conclusions about international politics stem from its underlying materialist and individualist ontology, and that by viewing the system in idealist and holist terms we could arrive at a better understanding. (Wendt, 2006: 370).

Using the term Idealist, Wendt asks us to perceive international politics not as based on materialistic principles, but on ideas. This means international politics are not primarily determined by materialist perception of resources and force, they are instead dictated by what and how international actors perceive and interpret actions, actors, and material resources.

In his use of the term Holist, Wendt shares the idea that actors act within a system, and are influenced by, and respectively influence said system. Contrary to an individualist method of isolating the agent from systemic aspects such as pressures and dilemma (an approach which seeks to essentialize an actor), Wendt introduces the reader to the idea that an Agent's actions are as much determined by the structure and context, as they are determined by the agent. This implies that when conducting research from a constructivist perspective, one must consider the context and structure as much as the international actors themselves.

In essence, Wendt asks us to interpret International Relations as an interwoven system, in which actions shape and are determined by both the system and the international actors, in other words by the structure and the agent. Furthermore, the in which perceptions and understanding are just as important as material resources.

For Constructivists, the domain of International Relations is not an anarchic system, in which actors first care about their own interests and survival. Instead, it depicts a complex web of inter-subjective relations between international actors, be they nations or organizations. Constructivism explains international relations are dictated by how a nation perceives another, and how it is perceived by others (source for this very specific diagnosis). Essentially it emphasizes interpretation and subjectivity as an unalienable factor within inter-state relations. In this idea, Constructivism's main criticism of Realist idea of the Anarchic system portrays this as a self-fulfilling theory. If all nations refuse to trust one another, and always see others as potential rivals and enemies, they will of course act cynically and rationally. Constructivism accepts that this is the default actions of a nation with regards to an untrustworthy actor, but it is not an unchanging situation, nor should it be the norm.

Instead, it emits the basic idea that international relations are built on inter-subjectivity and perception.

In this detailed explanation of Constructivism, I will start by portraying how International Relations are structured, and how agents act on and within this structure. I will detail the main factors to investigate when approaching a topic from the constructivist perspective.

Initial research into the topic has provided sufficient evidence to support the Constructivist

approach in analysing the EIB's support of Ukraine during the war. Both media coverage and concrete actions have relayed the close linkage of the EU and Ukraine regarding Identity and norms, as the basis for their actions. These factors, studied more closely in the analysis, have thus created a frame in which to approach the topic.

Structure:

As briefly mentioned above, the structural nature of international politics is not set, nor is the behaviour of its actors. Constructivists see both actors and structure as malleable and subjected to each-other. The structure is thus determined by the actors, and most specifically their knowledge and how they interpret said knowledge.

Following Wendt's explanations "A key premise of idealist social theory is that people act toward objects, including each other, on the basis of the meanings those objects have for them." (Wendt, 2006: 140). Knowledge in sociological terms, is any idea or belief an actor considers true.

However, following the holistic perception, knowledge must be taken in the context of both involved actors. Hence a major pillar in structuring relations is the knowledge of an individual actor, in contrast with knowledge of both actors. All actors hold "private knowledge", these are beliefs that are distinct from others. This type of knowledge originates from domestic and ideological influences (Wendt, 2006: 140).

For example, if actor A believes there should only be Ideology A in the world but doesn't act upon it or share this belief, actor B will continue to treat A as a neutral party on the international stage, as the knowledge is private. It is once this private knowledge is distributed that effects can emerge and shift foreign policy.

Even when private knowledge has developed separately from the international stage, once they meet, they will influence each other, affecting both domestic beliefs and international knowledge: "Upon interaction these beliefs became a social structure of knowledge that generated outcomes neither side expected." (Ibid.: 140). From this, a shared knowledge will stem. This does not mean that they have to agree on matters, but that they know each other's positions and respond with conflict or cooperation, depending on beliefs and interests.

Agent:

The principle of agency and the agents is a major factor in determining the result of inter-state relations. As much as actors' actions are determined by the structure in which they operate, they in turn exercise an influence on the structure which shifts accordingly. The post-WWII structure had been heavily influenced by the 2 superpowers that emerged, and it is the actions of these Superpowers that separated the world into two blocks, hence it was the perception of the superpowers, and their aggressive stance towards each-other which constituted the structure in which they operate.

Hence it is of utmost important, when researching a topic through a constructivist lens, to understand as much as possible the identity and interests of each involved state actor. This helps contextualizing and explaining an actor's reaction to a certain event.

Norms:

Norms are a set of behaviours manifested by an international actor. These behaviours are themselves conditioned by beliefs and interests. In this context, manifested simply means that this behaviour plays a role in international relations. When a private knowledge is put on the international stage, it may create an introspection for all parties involved. This sharing of knowledge may create or modify behaviours. Wendt agrees with social scientists that "This[what?] prompts many social scientists to argue that, for example, norms are only "norms"

if they are manifested in behaviour; I prefer to say that norms are shared beliefs which may or may not manifest in behaviour depending on their strength, but norms can only have effects if they are so manifested." (Wendt, 2006: 185).

It is essential to show how cultural norms articulate with and give meaning to material forces, and how the latter in turn constrain the former. (Wendt: 2006: 190). Norms also determine how much emphasis is given to material forces. A state representing material interests and beliefs, will inevitably prioritise material interpretation. This interpretation will in turn shape its behaviour towards other actors, and if acted upon, will set a norm. This is exemplified by the U.S. defence spending norm, or similarly the British "Naval Defence Act of 1889" norm of having a Navy bigger than the following 2 powers.

Identity:

Understanding Identities can help predict how two parties will interact even before they ever meet. Combined with norms, they can help shape first contact and lasting relations of allyship or enmity. When Identities match, you have shared understanding and you are in accord as to the situation, the perception of the situation, and maybe even the solution/consequence of the situation.

Different Identities and cultural beliefs may lead to different expectations or "prophecies" on a situation. Incorrect anticipation about an interlocutor or interactor on their actions can lead to misunderstanding or even accidents.

Material Resources:

Material Resources are admitted to being a factor in Wendt's construction of International Relations, however they remain highly dependent on the previous factors as well as Shared Knowledge. Hence, they are explained lastly as the value that is put on them is volatile. A country like Germany, highly dependent on Natural Gas, may be much more interested in a trade agreement with Algeria, compared to France whose energy mix is almost devoid of Gas. It is thus very important to contextualize material resources first understanding the structure and the actors.

For constructivism, Agent and Structure are both subjected to one-another. International Politics is structured by shared knowledge stemming from interactions between agents. The agents modified their behaviour based on their interpretation of this shared knowledge, which in turn further shapes international politics. Understanding the agents are just as important as understanding the context in which they evolve.

The principal factors that shape agents and structures are Norms and Identity. These sets of behaviours and self-perceptions respectively help predict the relations between two international actors, and how they will develop. Material Resources play a lesser role in international politics, being highly dependent on the context in which they are used.

IFIs have recently switched to using a **Constructivist Strategy** (Best, 2004) to explain the deliberate shift in investment choices. The use of the word strategy emphasizes the political character of the approach, the deliberate action, and the possibility of failure (Best, 2004).

Barnett and Finnemore (2004) have analysed the method International Organisations (IO) use to exercise authority, by actively developing and spreading norms. IOs develop new norms of best practices, but also codify economic behaviour.

Best (2010) detailed that the IMF has changed its approach to development and investment to a more norm centric, in an effort to make the beneficiary a *better fit for investment*.

As Constructivism allows for both causal and Constitutive analysis of a subject, as mentioned above and by Wendt (2006: 373), so does the research question. Why has the EIB continued its activities in Ukraine during the war? It emits the constitutive (what factors played a role and in what capacity did EIB react to Ukraine invasion, what constitutes EU/Ukraine common identity, etc.) and causal (How and Why did EIB act in that way?) answers. While the question is more causal by nature, constitutive aspects are implicated in its causes.

The implication of this study helps emit possibilities that are constructivist by nature, whether identity, norms, and shared understanding play key roles in IFI reactions to crises. Did Ukraine's compatibility/commonality with EU Norms, Values and Identity affect EIB's reaction? But also did materialistic and geographic factors play a role? Did the invading force's nationality play a role?

Would the EU have reacted the same way with an invasion of another neighbour such as Serbia? And why did it not react that way to the Libyan crisis or the war in Yemen or now the Sudanese war.

Before reacting, EIB and the EU had to think of its position, on both the invasion, the actions it could take, and the scale of the actions it would take. Hence there was a constitutive analysis that the EU did with regards to Ukrainian relations, before reacting (beyond the condemnation of the war, as the EU is against military conflict as per Art. 2 of TEU) Much Like Wendt's explanation of end of Cold War. objective conditions were such that the Soviets "had" to change their ideas about the Cold War, but that does not change the fact that in an important sense those ideas were the Cold War, and as such changing them by definition changed the reality. (Wendt, 2006: 375)

Here also, the objective conditions of Ukraine's invasion forced a rethinking of EU-UA relations. It forced a reconsideration of the whole European perception of Ukraine, which is at play even today as the limits of military aid are being pushed.

With this analysis, this paper will hopefully give a Framework of what to expect from EIB, a specifically European institution. How certain factors played a role in EIB's decision making. This study would help us understand the IFI's actions depending on the beneficiary. As a case study, this study would also fit in understanding how IFI's justify investing or withdrawing in conflict zones and to what extent.

This research aims to identify if norms, identity and other constructivist factors played a role in EIB's response. Whereas if it was a country outside the EU neighbourhood, without such identity ties with the EU (or EU application), the EIB would have probably halted all investments in the country, considering the danger. Non-EU, neighbourhood or historically close country would not have been helped to this extent. But the EU identity of the Ukrainian people and Zelensky (ousting pro-Russian president) has played a role also in this identity. *The EU will not abandon Europeans or those who aspire to be Europeans.*

The most important aspects that will determine the constructivist approach to the reaction of the Ukraine crisis is the fact that the EIB has continues to support Ukraine in European normative ways. Furthermore, this aid must be coming not from domestic pressure (liberal) or a state looking out for itself (realist). We will thus show what we should have expected from Realist and Liberalist views.

ANALYSIS

PART I: A Liberal approach to development assistance

When considering the project level, signs of a neo-liberal approach in ODA and international relations are much more visible. Using the UPBEE project Terms of Reference (ToR), we can find a logical link throughout the project's understanding of the situation and needs of Ukraine prior to the war, in comparison to the choices of EIB on how to approach the development of Ukraine in energy efficiency.

As such, by analysing the contextual understanding, project goals and specific tasks, we are able to understand the EIB's approach to ODA but extrapolate this into their approach to international relations based on their normative tied aspects to concessional finance.

In the first place, the project terms of reference fit the three underlying assumptions that New-Liberalism follows. Firstly, the project aims to involve as many societal actors as possible, risking inefficiency for democratization, hinting at the EIB's understanding of the formation of state preferences.

FORMATION OF STATE PREFERENCES

The approach used in the UPBEE project provides an understanding that EIB wishes to involve not only the national government, but also the municipalities and the citizens in its outreach. The project's strategy links with a bottom-up approach to politics, and a perception that state preferences are endogenous. In its Environmental and Social Policy, the EIB recognizes the importance of fostering "cooperation and inclusive partnerships – at the global, regional, national and local levels — which are particularly critical for addressing development challenges in fragile contexts" (EIB, 2022b: 5)

Involving Diverse Stakeholders:

With the focus on societal groups and individuals, by involving diverse political levels and private actors, EIB seeks to increase public approval of the EU, possibly in a perspective towards EU Integration. The national ministries are key to the project, a strategy to involve and empower national governments, but they remain facilitators and not direct beneficiaries as they do not directly receive the funding.

Furthermore, this focus can be seen on the choice of buildings to refurbish. In this project, Municipal Buildings are the focus and beneficiaries of the loans and grants from the EU. By giving the choice of applying for funds to the municipalities, the EIB ensures that the interests of local governments are represented, hereby slightly decentralizing the power to the municipalities, which themselves are much more beholden to their fewer constituents. The EIB and the consultant provide technical assistance to the ministries, to distribute the EU loans and funds to the needed municipalities, but the beneficiaries are the local governments, and local contractors and citizens.

By investing in Municipalities, EIB is investing in the local representatives, the leading individuals that more directly represent their citizens. In doing so, the EIB acknowledges the importance of local authorities, and empowers the municipalities. With the EU's funding, the

Hromadas (territorial communities), and their mayors, will approve and increase transnational ties with the EU, hereby increasing dependence and benefitting more of EU funding, further increasing their affinity towards increased EU integration.

Balancing National Government Involvement:

However, the EIB has not sidelined the government institutions. It is aware that state involvement in any project is paramount, as they can erect or lower barriers in terms of financing, cooperation, and access. Hence, cooperation with the state has been long-standing European strategy. In this project, the EIB seeks to involve the beneficiary government as an actor (promoter) and/or National Authorizing Officer, and this is the case in UPBEE. By empowering the local government, we can see that the EU recognizes the importance of empowering the national government. In combination with giving the initiative of projects to Hromadas, the involvement of national governments shows that the EIB approaches its projects in line with Neo-Liberal assumptions of domestic preferences. In a very centralized ex-soviet government, the EIB aims to represent all stratum of governance. They enact a balancing act in which they give initiative to Municipalities, and oversight and co-decisional powers to national governments. Through these actions, the national government will also be increasingly favourable to EU integration.

Addressing Communication Challenges:

The EU is aware of the potential pitfalls of this approach, as sometimes these governments will accept EU investments but try to portray these investments as their own results of good policy, thereby securing political support from the locals and away from the EU's involvement. Hence, the EIB has included a communication task (UPBEE, 2021) to address these challenges, and enhance cooperation through communication. This task is aimed at promoting the project to local municipalities but also to the public, creating societal support for EU (through funding). This relatively new focus on Communication, stems from issues of visibility that the European Institutions have had, especially in terms of benefits they provide. These issues played a role in recent Euro-sceptic developments, especially Brexit where a lack of awareness of EU activities and benefits resulted in a departure from the EU. In this project, the communication task will aim to promote the project to as many municipalities as possible, ensuring project success, maximum disbursement of loans, and increased favourable visibility (UPBEE, 2021). The EU is aware of these communication issues, and has focused on improving visibility towards its neighbours (EU, 2023), such as to "improve perceptions of the European Union and position it as an active and impactful actor in the Eastern Neighbourhood, through the promotion of its values of democracy, co-operation and international solidarity" (Ibid. 2023). The UPBEE's communication will be further directed towards cooperation while the Regional Communication Programme will aim to "raise awareness and improve understanding of the results of cooperation and its benefit for citizens of the Eastern partner countries" (Ibid. 2023).

Societal Interest in Development Assistance and High-Energy Consumption:

The UPBEE project aims to address the high-energy consumption issue in Ukraine by increasing energy efficiency (UPBEE, 2021). The foundational goal of this project fits with neoliberal assumptions of societal actors' interests being constituted materially and ideationally. These interests are then passed on to the government and in this case, local authorities and national authorities alike, recognize the opportunity offered by the EIB, in tandem with the economic burden of high energy costs.

The EU, European citizens and the EIB also have an interest in this aspect, the transmission of EU norms, as well as the ideational interest in environmental sustainability by reducing energy consumption and CO2 emissions.

This project's goals also indirectly contribute to the awareness of the EIB to local employers. As municipalities hire Local subcontractors for the refurbishments, the EU increases interdependent transnationalism with Ukrainian companies, as they become a source of business. As sub-contractors of major local projects, the local industry leaders will become more dependent on EU projects, and aware of the EIB's involvement in the municipalities, from which they will strive for increased cooperation.

Here we can see that EIB adheres to the main assumption that Individuals and societal groups are drivers of state preference, and by extending to them, the EU may legitimize its image and help approach EU Ukrainian relations. By reaching these diverse societal groups, in addition to the Communication aspect that the EIB is advancing upon, the EIB seeks to increase EU visibility vertically and horizontally, increasing institutional and private awareness of the EU's positive actions. It invokes these actors' rationality and links their interests to the activities of the EIB.

Understanding Social Differentiation:

With this diverse approach to stakeholders' involvement, the EIB seeks to assist every part of Ukrainian society, hereby maximizing the reach of funds and the approval of EU in Ukraine in terms of scope. This type of outreach, in contrast to a deeper focus on investing in its relations with the political elite to improve their influence with the dominant social group, stems from a double understanding.

Firstly, it portrays the EIB's institutional values of democratization, as also mentioned in the SDGs . In line with these SDGs, the EIB seeks to promote social inclusion (EIB, 2022c: 5), which focuses away from the government and dominant social group. The involvement of the UNDP in terms of verification and anti-corruption supports this observation. In fact, it is stated that the goal is to support all Ukrainian controlled municipalities (excluding Crimea and separatist Donbas), with no mention of political affiliation (UPBEE, 2022: 7).

Secondly, and most importantly, it shows that the EU and consequently the EIB, have an understanding of Social Differentiation in terms of the formation of state preferences. By expanding its outreach to as many social groups as possible, the EU makes the trade-off of diluting its efforts, while allowing itself to have a moderately positive image in as many social groups as possible.

In addition to a liberal understanding of the role and diversity of social groups, the focus on empowerment and wide outreach depicts that EIB understands the influencing factors determining conflict or cooperation. While it is not in EIB's power to resolve divergent fundamental beliefs, or the scarcity of material goods, the fight against political inequalities shows an additional liberal assumption on the origins of internal conflicts (EIB, 2022: 5), unequal representation of interests from unequal access to institutions. From the local industry leaders, mayors, public building staff, to even the national government through the actual enactment of the project, everyone has an interest in the project's success.

In this fight for equal representation and the increased legitimacy of all involved institutions, the EIB has considered transparency as its most efficient tool for the disbursement of loans.

Representation and Insitutions

The analysis of representations is here done in the context of the project. This means that we will not be analysing the societal groups' access to national institutions, and the representation of their interest on a national level, but at a project level.

Involvement of the CoM:

The EIB has made sure to include the Covenant of Mayors, and thus the municipalities in-depth within this project. Previously we presented the plurality of domestic groups within Ukraine, that were incorporated in UPBEE, and understood by EIB. However, the EIB did not simply acknowledge the existence of multiple interest groups, but also organized and incorporated them within the project. Firstly, the Covenant of Mayors (CoM) is itself an EU led initiative that aimed at organizing and supporting local authorities in the green transition through cooperation and training (Com-East: 2023).

Secondly, the involvement of the CoM will “take in charge advocacy, awareness and trainings to the municipalities” (UPBEE, 2021: 14). Hence taking active part in the project's success, and advocating for the project to the municipalities, as well as defending municipal interests should when taking part in project meetings.

Thirdly, EIB ensures the representation of municipalities in the very structure of the project, by making Ukrainian municipalities apply for funds themselves, instead of national institutions redistributing funds however they see fit (UPBEE, 2021: 14-15).

Somewhat indirectly, this project also represents the needs of local citizens. Their demands are presented to the mayor for a refurbished school, hospital, etc. and locals could demand change or answers should these investments be mismanaged. Combining political and economic incentives for investments, the funding of local businesses through local sub-contracting, and UNDP field missions ensuring that funds are properly used (UPBEE, 2021: 15), a compelling structure is set to represent local interests fairly.

Capacity Building:

National institutions also benefit from this project, apart from the renovation of public buildings, and in general the development of their infrastructure. The ministries involved will receive capacity building such as training to properly evaluate the proposals (UPBEE, 2021). The development of a platform to manage and evaluate the proposals will be a useful tool for the ministries, and its framework and lessons will allow for a reusability for domestic and international development initiatives (UPBEE, 2021).

Call for Proposals and Sub-projects:

The Representation of local municipalities is also accounted for through the Call for Proposals, as they apply for loans for the refurbishment of buildings they decide. In this structure, the National Government and the EIB cannot dictate which buildings are renovated but instead choose which buildings fit the loan criteria, based on a transparent assessment process, with a clear scoring system. This does not erase the inherent powers of the ministry of infrastructure, finance, and the EIB in deciding how to allocate the loans. However, by providing the choice and initiative to hromadas, it tailors the development funds to their interests and needs.

In addition to this structure, the EIB has tasked the consultant with the development of a transparent evaluation with clear criteria. By developing a transparent evaluation process, the structure of the project, and its main goal of disbursing loan, becomes achievable to all municipalities provided their proposals meet the requirements.

With these measures, we can see that the EIB has structured the project to provide equal opportunity of access to loans, not benefiting particular social groups, political parties, etc. but a purely economic aspect of access to funding.

This transparent, democratic approach to loans is inherently an application of EU norms, UNDP norms, and prevents a political elite from dictating overwhelmingly who benefits from loans in a rent-seeking behaviour. Ukraine is historically known to have deep-rooted institutional problems with corruption, and the EIB's project best practices prevents these issues (EIB, 2018). To help in this mission, the EIB is cooperating with the UNDP.

Anti-corruption and best practices measures:

The EIB has dedicated an entire task (8) to compliance and monitoring. This task's aim is solely to prevent malpractices within the project.

As the close supporting agency, cooperating closely with municipalities, the UNDP will assist the EIB in identifying "early sign of malpractices and improve the framework to prevent corruption" (UPBEE, 2021: 25).

Project Level:

In the scope of the project, the monitoring creates a more level playing-field, by ensuring fair representation, fair access to funds and transparent measures throughout the selection, funding, and implementation processes.

An indirect consequence of this is to stir interest from actors outside the dominant social group, by allowing a transparent, fair funding process. A municipality from an opposition party will not be disadvantaged in acquiring funding due to their political alignment. A subcontractor will not be dissuaded from proposing their services if the selection process is transparent.

For the EIB, there are obvious benefits for malpractice verifications. They make sure that the money is efficiently invested and prevent rent-seeking behaviour within the project.

This task will also affect the practices of the Ukrainian institutions in the long term, and through the training organised by the EIB.

The transparent selection processes, the monitoring and verifications ensure that geographically and politically, every social group has a fair access to the development funding.

With the monitoring, audits, and verification, the projects also minimize the potential of functional differentiation of institutional preferences. Essentially, the project ensures that institutions do not act preferentially in their own interests.

Steering Committee and Working Group:

The presence of all stakeholders will allow for equal access to information about the implementation of the project. The EIB, UNDP, Ministries and CoM will be able to voice their interests, shape the flow of the project, all while remaining in line with the contract and best practices.

In conclusion, the initial ToRs of the project clearly portray a Neo-liberal understanding of how societies are structured and interact. The wide inclusion of many interest groups, and the representation of their interest is not only in line with the EU norms, but also portray an understanding of sources of inequalities and conflict. With this understanding, the EIB has structured the project in order to limit all possible inequalities, inefficiencies, and promote a diversity of interests and access to funding.

It is important to note that in projects, every goal, and every task is thought out, and thus the inclusion of stakeholders, and the conception of all tasks are deliberate choices from the EIB. I believe with this analysis, we can definitely conclude that the EIB uses a Neo-Liberal understanding of preference formulation and seeks to steer Ukrainian politics towards a Neo-liberal peace and cooperation, both domestically and internationally.

Interdependence of EU and Ukraine

Having already included the domestic interests of cooperation within the structural analysis of the project, this section will provide a more holistic analysis of the relations between the EU and Ukraine. The previous section depicted that project structure promoted cooperation in the interest of many Ukrainian societal groups such as local authorities, national institutions, sub-contractors, and international organizations, hence creating an interdependent and harmonious set of interests for the project's success. How does the project increase EU-Ukraine cooperation through the Neo-Liberal assumption of interdependence?

An advanced neighbour and partner:

The relationship between the European Union (EU) and Ukraine is a complex interaction of international programs, shared interests, and an underlying desire for cooperation. At its core, this partnership is built on the idea of facilitating EU norm transfusion to Ukraine, thus creating deeper cooperation opportunities.

This transition towards EU norms is supported by a significant influx of ODA involved in many parts of Ukrainian society. From infrastructure to healthcare and education, ODA serves as a guiding hand, helping Ukraine align its practices with European norms. In this context, the UPBEE aims to not only bolster Ukraine's ability to meet EU standards but also strengthen the interdependence between Ukraine and the EU by fostering economic and social development.

As Ukraine moves closer to these standards, it faces functional pressures for increased efficiency, incentivizing further integration. Ukraine doesn't merely want to comply with EU standards; since the Euromaidan, it aims to fully integrate the EU. This means not only participating in trade but also entering into comprehensive cooperation agreements, institutional integration.

The Neighbourhood Investment Platform (NIP) (EC, 2023a) is instrumental in Ukraine's development and integration aspirations. This platform, along with programs like the Neighbourhood Development and International Cooperation Instrument (NDICI) (EC, 2023b) and EU4Energy (IEA, 2023), fosters economic development and cooperation. These projects link Ukraine to the broader goals of European integration and strengthen the ties between the two entities.

Yet, the connection between the EU and Ukraine goes beyond mere economic interests. The EU views its neighbourhood through a strategic lens, and considers security, economic stability, and shared ideology in its actions. To secure its borders and ensure prosperity, the EU seeks neighbours that are peaceful, secure, and open to trade, and preferably ideologically aligned. Its neighbourhood development program aims to create a network of interdependent partners, bound by mutual interests and common goals, hereby reducing likelihood of conflict.

Ethnic and historical ties further reinforce this interdependence. Ukraine shares a deep-rooted history and common experiences with other Eastern European countries. For nations like Poland and the Baltic states, Ukraine isn't just a distant partner; it's a reflection of their own struggles and aspirations. The shared recognition of Russia as a historical adversary, understanding that without the safety of the EU and NATO, they could also be invaded, and by supporting Ukraine, they are safeguarding their own interests.

In this complex interaction of shared standards, economic cooperation, and historical bonds, the EU and Ukraine have developed a partnership that goes beyond material interests. This cooperation is rooted in mutual interests, historical connections, and a common goal of closer partnership.

In conclusion, the analysis supports the idea that when drafting the ToR of this project, and prior to the Russian invasion of Ukraine, the EIB shows a fundamentally Neo-liberal approach to international relations, by engaging in its fundamental assumption in the UPBEE project.

First of all, through the understanding and differentiation of state actors. The communication aspects, the empowerment and involvement of National Institutions, and the representations of Municipalities. It shows that EIB seeks to affect every level of politics and be seen positively by them all. This minimizes the risk of being tied to only one social group that doesn't succeed, putting all eggs in one basket.

Secondly, through the understanding of the issues of representation of Social Groups and their interests.

And thirdly by building upon a pro-EU foundation and understanding Ukrainian interests. As the EIB has been investing at a profit since its creation, it has experience in ODA, and understands and plays on the understanding of Ukrainian interests. It does so to enforce its own norms and interests on Ukraine, tying them into a mutually beneficial or a mixed-Motive and Collective Action Project. It has helped that Ukraine sees the EU as a preferable ally to Russia on the world stage, given the experience of Ex-USSR nations such as the Baltic states, it is undoubtable that Ukraine identifies with these nations and would attempt to be part of this community as well. As such it is very open to making concessions that are high stakes to EIB funding (such as Anti-corruption, and in some ways the ESMF framework that is building upon).

Which variant of Liberalism?

This project, even prior to the invasion of Ukraine, is very complex in terms of inter-governmental relations. As we have seen above, there is a multiplicity of interests and actions involved in the UPBEE project, in addition to the contextual knowledge we have in terms of EU-Ukraine relations. This complexity will undoubtedly nuance the variance of liberalism that structures the project. Consequently, the focus on one variant would be erroneous in its portrayal of said relations, and the complex interdependent interactions between both governments. It would be more helpful to see the variants as a triangular graph:

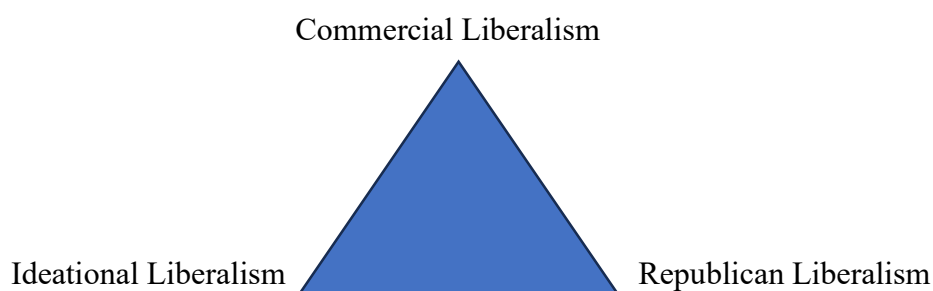


Figure 1 Example of Liberalism Variant Graph

While the graph above is approximate, its purpose is to exemplify international relations and give a general idea of the combination of variants.

Ideational Liberalism:

The social aspect of the UPBEE project has 2 connected ideational goals, the transfer of European norms to Ukraine, and the increased integration of Ukraine into the EU by strengthening transnational interactions and ties.

Ideationally, EU and Ukraine have very harmonious interests.

In terms of the first fundamental type of Social Identity factoring into international relations, the EU has a common understanding of Ukraine's border and identity, that matches with the recipient of ODA. This contrasts with Ukraine's other neighbour, which is a direct threat to the Ukrainian identity. This foundation is most likely the basis of the EU's interests in Ukrainian integration to the EU, as the Baltic -and to a lesser extent other eastern countries- share a lot of historical commonalities. Furthermore, Ukrainian minorities in EU countries have also provided transnational interests in Ukraine. Ukraine had a foundation upon which the EIB could focus its investments. Secondly, it is important to mention that EU norms are being transmitted through this project. The Environmental and Social aspect of this project lead us to understand that EIB seeks to ideationally influence Ukraine to further fit European identity. As such we may infer that there is an ideational motive to this project. However, despite the underlying motivations of the project having ideational roots. Influencing Ukraine towards a more European identity is not the UPBEE's main goal for EIB, but an annex to the main goal of developing public infrastructure.

The second fundamental underlying factor of ideational relations refers to the commitment of domestic actors to particular political institutions, and these domestic institutions' similarity to external institutions.

The EIB's investment strategy for the UPBEE project follows this understanding of cooperation.

First of all, they do so capacity building and norm transfer. By including EU best practices, and EU external policy goals within project, Ukraine adopts these norms tied to the funding. In doing so, Ukrainian institutions adapt their functioning to the EU's practices. Local authorities and private institutions must also comply with EU standards if their proposals are to be selected. To increase domestic actor's commitment to national institutions, the EIB's transparent approach and plurality of stakeholders, enhanced legitimacy of said institutions and the EIB. The implementation of EU norms and best practices are an example of tied aid, a practice that occurs in many asymmetric cooperations and concessional finance projects. While the additions of EU best practices are legitimate – due to the extended history of mismanagement in Ukraine – it nevertheless remains a (something) of concessional finance.

This analysis of Ideational liberalism already hints at the underlying motives of the EIB's activities in Ukraine, norm transfusion. But this is not a secret, since the signing of their association agreement, the two governments have been closely cooperating with the aim of Ukraine adopting EU norms in exchange for financial and political support among other trade-offs (EU, 2023).

The last fundamental factor providing grounds for Ideational Liberalism, is the aspect of socioeconomic regulation and redistribution, otherwise known as the differentiation of policy of domestic interests and its externalities. Under the assumption that societal preference imposes limits on international markets, compromises must be made to match domestic

preference with external interests.

Regarding ODA, there are not many inherent compromises to concessional finance. The only compromises have previously been explained as normative conditional aid, and certain EU influence. However, this aspect is difficult to depict simply as a compromise, as all societal actors benefit in diverse ways from the normative conditions as well. As such the compromise is mostly on the dominant societal group cannot partake in rent-seeking or power consolidation behaviour, due to the project's safeguards.

Following these three assumptions to the ideational variant of liberalism, we can conclude that Ideational Liberalism is not the main approach of the UPBEE project, but that the EIB's motivations for development assistance to Ukraine are normative, and conditional to Ukraine's adoption of EU norms.

Republican Liberalism:

The EIB continues its efforts to democratize Ukrainian society through ODA.

Here we can see the EIB seeks to promote democratic practices of equal representation, and access funding, also decentralizing power away from National institutions and empowering local hromadas. Hereby changing the mode of domestic political representation.

The UPBEE is structured to prevent rent-seeking behaviour. As explained previously, this behaviour was well known to occur in Ukraine, and criticized by western powers.

The plurality of actors and stakeholders within the project will have the effect of avoid inefficiencies or behaviour that aggregates benefits to one societal group, while incurring the cost to society as a whole. By combining positive bias towards the EU with a wide representation of this interests, it may prevent a conflictual minority from over-representing its interests.

As per Moravcsik's assumptions of republican liberalism, diverse representation of domestic groups would deter actions that applies high net cost or risks on a broad range of actors (Moravcsik, 1997: 530). In the context of the project, this would translate to preventing actions that advantage certain regions or political affiliations, or personal interests through mismanagement and preferential behaviour.

Increasing the primacy of liberal democratic norms and structuration of power, will further enhance the cooperation and stability of relations between the EU and Ukraine.

Commercial Liberalism:

Concerned with how Domestic groups interests are represented within economic exchanges.

Focuses on how the domestic economy and global market are structured, and how they determine incentives for either openness or closure. These structures will impose functional pressures on domestic interests, dictating policies of protectionism or competition.

In the case of UPBEE, and development aid in general, the "market structure" is simple. Here, the interstate exchange is heavily skewed in favour of Ukraine. Though the concessional finance is mainly in the form of loans, the risk and outflow of funds is mostly held by the Bank. Ukraine, while having to repay these loans, benefits from capacity building, expertise, and project evaluation and implementation for free. Furthermore, the savings from the energy efficiency works will mostly cover the loan interests, and profit Ukraine in the long term.

The previously mentioned benefits of increased employment are further incentives for implementing this project. In conclusion, social groups in Ukraine benefit entirely for the

project's implementation, hereby rationally maximizing the incentives for economic openness to the EIB's investment.

For the EIB, the incentives are more nuanced and longer term.

Most visibly, the bank will benefit from interest rates from the disbursed loans. However, the bank and the EU as a whole will benefit from closer economic cooperation, and subsequent investment opportunities from a more economically developed neighbour.

To conclude on the variant of liberalism used for this project, it can be determined that the EIB's approach to the project was based on commercial liberalism understanding of cooperation. However, it is important to note that the EIB has underlying motives tied to this project. The bank tied the prospect of investment to the adoption of EU norms. Furthermore, these norms are present within the project's structure, due to the EIB's best practices and mandates being linked to EU policy.

Following the previously introduced graph and the analysis, we can place the original structure of international relations between the EU and Ukraine in the context the UPBEE project on the graph.

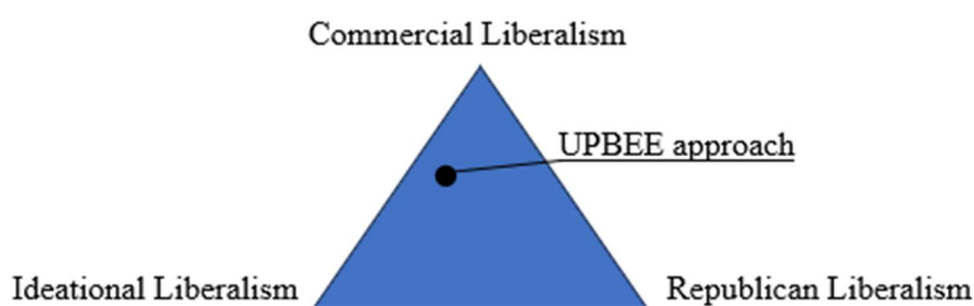


Figure 2: Initial Neoliberal approach to ODA

We can see that there are some aspects of republican liberalism, but they are few. However, an emphasis has been put on norms transfusion and public relations (through communication) to deepen ties with Ukraine beyond economic partnership. Lastly, it is clear and expected that the main focus of the project is based on commercial liberalism.

PART II: A liberal structure for Support

Introductory overview of the measures they took for Ukraine.

To understand the basis of the EIB's support, it would prove useful to display a timeline of their actions (EIB, 2023):

March 4, 2022: Immediate Financial Support and Infrastructure Financing: In response to the urgent needs of Ukraine, the EIB quickly approved of a financial aid package of 668 million euros (EIB, 2022). This immediate financial support was made possible through EU

guarantees under the External Lending Mandate. The funds were directed towards addressing critical necessities, including the purchase of food, medical supplies, and fuel. Simultaneously, the EIB demonstrated flexibility by reorienting infrastructure project commitments to encompass sectors like transportation, energy, urban development, and digital investment. This reallocation ensured the availability of funds at an accelerated pace, providing essential relief to Ukraine.

April 9, 2022: Multi-Year Program for War Refugee Support: Recognizing the enduring challenges brought by the conflict in Ukraine, the EIB announced a comprehensive program spanning 2022 and 2023. This program, amounting to 4 billion euros, aimed to support cities and regions across the European Union in addressing their pressing investment needs and facilitating the integration of Ukrainian war refugees. The EIB's commitment underscored the long-term vision to provide sustained assistance during the post-conflict period.

July 25, 2022: Resuming Infrastructure Projects: Building on its commitment to Ukraine's recovery, the EIB allocated 1.59 billion euros to support the repair of essential infrastructure (EIB, 2022). These funds, backed by guarantees from the EU budget, targeted critical projects that encompassed energy, roads, education, and more. The EIB's approach was flexible, aligning disbursements with project progress and areas where conditions permitted, thus contributing to the revival of crucial elements of Ukraine's infrastructure.

October 25, 2022: UPBEE Program: The EIB, in collaboration with the United Nations Development Programme (UNDP), signed an agreement for 2 million euros to support selected Ukrainian cities under the Ukraine Public Buildings Energy Efficiency (UPBEE) Program (EIB, 2022). This initiative aimed at financing thermal renovations of public buildings and addressing war damage repairs, adapting structures to better suit the needs of internally displaced people and hosting communities. It exemplified the EIB's commitment to promoting energy efficiency and sustainability.

December 2022: Aid for Winter and Infrastructure: As the winter season approached, the EIB allocated 350 million euros to meet Ukraine's heating and infrastructure needs (EIB, 2022). This funding was crucial for restoring municipal facilities and modernizing damaged buildings, including hospitals, kindergartens, schools, vocational schools, and higher education institutions. The EIB's support was instrumental in ensuring that essential services remained operational during the challenging winter months.

May 24, 2023: Inauguration of Kolos Complex: In May 2023, a significant milestone was achieved with the inauguration of the Kolos sports and rehabilitation complex. This facility, financed by the EIB's Ukraine Early Recovery Program, played a pivotal role in offering rehabilitation services to over 300 children and young people with various disabilities (UNDP, 2023). The inauguration exemplified the tangible impact of the EIB's ongoing programs, demonstrating that the effects extended beyond infrastructure to positively affect the lives of individuals.

July 13, 2023: EU Member States Pledge: Highlighting the collective commitment to Ukraine's recovery and development, EU Member States pledged over 400 million euros to the EIB's Fund dedicated to supporting Ukraine through the EU4Ukraine program (EIB, 2023). This financial support provided a bridge solution, ensuring that assistance continued until longer-term EU measures became available.

May 23, 2023: EIB Actions on Gender Equality: Dedicated to fostering gender equality in Ukraine, the EIB implemented actions aimed at promoting women's economic empowerment. The EIB's initiatives focused on embedding gender equality principles into its lending, blending, and advisory work both within and outside the European Union, contributing to a more inclusive and equitable society (EIB, 2023).

June 2023: Ukraine Recovery Conference and Further Commitments: At the Ukraine Recovery Conference held in London, international partners signed agreements worth over 800 million euros. These agreements were designed to mobilize private investment for Ukraine's recovery and reconstruction (EC, 2023). The concerted efforts were supported by the European Fund for Sustainable Development Plus, emphasizing the joint commitment to engage the private sector in Ukraine's recovery. Additionally, a proposed instrument aimed to equip the EU with a legal basis to leverage financial support for Ukraine's long-term commitments, underlining the EU's determination to support Ukraine's path to recovery and development.

With this information, we can see that the EIB's actions have followed the European Commission's approach to supporting Ukraine. In its new Ukraine Facility, the EC has provided a structure and roadmap to its support. It has identified goals, issues, and a methodology:



Figure 3: Ukraine Facility (EC, 2023)

These pillars of support to Ukraine match with Moravcsik new-liberal assumptions.

The support to diverse groups of the country presents the fundamentals of societal group interests, by including the private sector, but also all levels of governments. Hereby fitting the New Liberal criteria of societal actors as the main drivers in policy, and the differentiation of these actors and their interests.

It identifies that conflict risks disincentivises investments and - with an understanding of

rationality of actors and aversion to risks - aims at de-risking private investments in scale and scope.

Domestic Preference

There were no changes to the EIB's approach to the Primacy of social actors. The approach remains a combination of Empowerment of Local and National Government institutions, with a focus on Transparency. The involved societal actors hence remain the same, this is both due to contractual obligations, but also and as referred to in Part I, a liberal understanding of the primacy of societal actors within the determination of State preferences.

The approach remains bottom up, but the scope has narrowed as the EIB has determined 3 types of regions of investments depending on their risk level of conflict. We can see that the EIB is not blind to the risks the war poses on UPBEE and had to narrow its outreach to safe municipalities.

Ukraine:

In response to the invasion of Ukraine, the Ukrainian government has taken drastic and anti-democratic decisions, to focus on the war effort. The enactment of these reforms such as martial law ([Polityuk, 2022](#)), and the suspension of political parties ([Ishchenko, 2022](#)) have not waned Zelenskyy's popularity ([Statista, 2023](#)), and are symptomatic of the extreme situation and rationalization of societal actors.

This is where the common fundamental belief of the existential threat allowed for these drastic measures and over-powered the conflictual factor of unequal power distribution. With regards to the assumption of rational behaviour, looking at it on the perspective of Ukraine's formation of state preference, the change in domestic national interest is quite rational. The existential crisis that Russia poses to Ukraine - in territorial, identity and economic integrity just to name a few - has meant that Ukraine's social differentiations have lowered to the Ukrainian identity.

Under normal circumstances, these reforms would likely spark outrage within the country, and draw the ire of the international community. The EU and EIB would most possibly suspend their ODA and try to influence. However, the EU understands the external factors that induced this radical behaviour, and in fact doubled down their support to Ukraine and its government ([Council of the EU, 2022](#)).

EIB:

An important development outside of the EIB-Ukraine relationship that compounds these observations are the extension of sanctions on Russia, that unequivocally hurt EU domestic interest. Despite this, the strategic necessity of access to energy supplies, the EU has taken unprecedented measures through trade embargos with Russia. We can see here that the ideational and republican ties to Ukraine outweigh the very fundamental economic interests of Europe ([European Council, 2023](#)).

In terms of changes to the implementation of the UPBEE project, EIB acted to keep societal actors involved. From the municipalities, the creation of a PMSU and steering committee involving all stakeholders, all originally planned stakeholders remained, as did the main goal - and contractually agreed tasks – of the UPBEE project.

When identifying the underlying assumptions of rational behaviour and risk aversion, we must

see this from the EIB's perspective as they are the risk takers in terms of financing the project, and political backlash.

Should we focus on the Ukrainian societal actors, the conclusion is simple. During this war, any inflow of money into public infrastructure is welcome, and no risk is incurred on the Ukrainian side, except for the repayment of these loans, a point which will be addressed within the analysis of commercial liberalism. As the recipient of assistance and investment, when facing an existential conflict, the perception of issues such as ideological or normative influence, tied assistance, or regime inequalities seem secondary. In fact, increasing interdependence with other nations might help secure the Ukrainian populations' future, by tying Ukraine with material or ideational interests.

Instead, we should focus on the risks the EIB, as an EU institution, is taking. In terms of rational behaviour, this is where the lines have blurred.

Financially, the continuation of the project is difficult to rationalize. Especially with the reaction of EIB in response to the invasion of Ukraine. It is important to note that the EIB has a duty to ensure "that its funds are employed as rationally as possible in the interests of the Union" (EIB, 2020: Art.18). This by itself does not portray a radical change in mandate, as the bank "is driven by public policy objectives and it operates on non-profit-making basis" (EIB, 2019: 3).

In terms of political motivations however, there is a rational incentive. As a representative institution of the EU, the EIB follows foremostly the European Council and the EC, both of which fully support aiding Ukraine. Furthermore, in terms of societal groups, most European citizens continue to approve of the EU's support to Ukraine (European Parliament, 2023). Following these observations, it is undoubtable that there is a rational political motive in risk taking of investments in Ukraine. This political motive stems from an interdependence and a transnational European identity stemming from a common history with EU member states and the Euromaidan, which has manifested in this conflict (Ibid.). Additionally, it is not in the interest of the EU to an ideologically conflictual neighbour like Belarus. Hence Ukraine is a valuable neighbour to the EU. Ukraine relations with the EU are hereby strategic in terms of security as well.

Economic Cooperation:

Incentives for funding are the main source of cooperation here. The Ukrainian municipalities and government are desperate for funding in every aspect, to the most basic needs for humanitarian aid as their entire structure and organization has broken down due to the war. In that sense, the Ukrainian government and municipalities see EIB investments are a lifeline and seek to recuperate funding in any ways possible.

As such, local and national governments, and private actors have all banded together to streamline funding to Ukraine. Around Ukrainian Identity and a common existential threat embodied by Russia, Ukraine has rallied all its actors to set aside its differences to survive. War is the most extreme example of incentive for national cooperation.

For the EIB, the incentives remain political, as financially, it remains difficult to justify the EIB's actions. These incentives seem to be enough to bear the risks of its investments in the UPBEE project. For the European Union as a whole, the possible reward is of course the accession of Ukraine into the EU. Furthermore, it would increase legitimacy in the eyes of the European public in terms of representation of their will.

For the EIB, the incentives are also in public perception, but stretch to other stakes. The success of these conflict area development projects would present the EIB as a legitimate, flexible, and problem-solving foreign policy tool. This success would be a basis upon which they could receive increased funding, and discretion. A comprehensive analysis with the principal-Agent

theory would assist in identifying and clarifying the possible benefits of this behaviour, in terms of EU-EIB relations. The EIB would also benefit from a boost in communication, hereby showing to potential beneficiaries that the EIB is a trustworthy and committed investor.

Having analysed the separate preferences of both Ukraine and the EIB, it is important to keep in mind that a lot of EIB's incentives are dependent on the European Council's and the EU's public opinion of the benefitting country. In the following sub-section, we will identify the factors that determined the continued assistance of the EIB to Ukraine.

Representation and Institutions

The structure of the project, in terms of representation, remained the same. However, concerns of representation were upended. Instead of the EIB ensuring fair representation of societal groups' interests, it now had to garner interest in the project during a geopolitical crisis. All Ukrainian stakeholders were focused on responding to the immediate needs of the war. The ministry of Finance focused on generating and unlocking funds for the war effort, while the MCTD focused on coordinating with the affected territories and tending to the infrastructure needs. To this day, the Ukrainian government is entirely focused on the war effort (Zelenskyy, 2023), and rationally does not prioritise, or have the capacity for, development projects. In response, the EIB has "increased its assistance to the country. It has stepped up its work with ministries, cities and UN experts on the ground." (Knight, 2022)

However, in July 2022, as the situation stabilized, the EIB managed to cooperate with stakeholders and resume the ODA activities in Ukraine. It can be inferred that the bank, in coordination with the Ukrainian stakeholders, developed an adapted action plan, and thus adapted the goals of the UPBEE project to fit the immediate needs of Ukraine, and facilitate fund transfer.

The Municipalities are still very dependent on this funding and assistance (Knight, 2022) "Even during the worst parts of the current war, in areas experiencing the most conflict, Guenassia and Silvestro von Kameke continued to get calls from mayors asking for technical advice and financial assistance" (Ibid.). As their needs are accrued by the damages of the war, the EIB is closely cooperating and filling the gaps in representation of local interests.

Due to the war effort, as explained previously, individual interests have been set aside for the collective effort and interest of survival. But in its public discourse, the EIB continues to support local authorities to ensure they receive assistance when the national government cannot provide. The EIB has continued to coordinate with the CoM, and the ministries, but has adapted and taken on more responsibilities, along with the UNDP, to ensure the successful implementation of the UPBEE project (UNDP, 2022).

Interdependency and Cooperation

The Russian invasion pressured a change to a balanced interdependence between the EU and Ukraine. This world event resulted in Ukraine becoming disproportionately reliant upon the EU, marking a departure from a paradigm of mutual interdependence to a one-way dependency. The relationship now more closely approximates a Donor-Beneficiary dynamic, replacing the notion of a balanced exchange, and in structure, previously equal partnership.

Analysing the situation, Ukrainian interests for cooperation have changed, and have become much more important, a lifeline for Ukraine to survive the Russian assault. For Ukraine, the immediate needs are directly dependent on international aid. The Ukrainian economy is at risk

of collapsing due to the war effort, and its effects on the energy volatility among other factors (Knight, 2023). Ukraine has a strategic, and existential incentive to secure cooperation with any non-Russian entity, and Zelenskyy's world tour has shown that the Ukrainian government has identified this strategic interest (President.gov.ua, 2023).

On the side of the EU, the economic interests for cooperation have disappeared, at least in the short term, and are replaced by risky longer-term investment, that are not sure to blossom. Hereby, we can see that the cooperation is mainly based on EU-Ukraine transnational ties. These ties are defined, as previously explained, by a strong convergence in beliefs, common historical experience, a Ukrainian presence in bordering EU countries, and an interest in neighbourhood security and stability. Ukraine is unilaterally dependent on external aid, financially and otherwise.

The EU was motivated to support Ukraine based on ideational ties, and future interest in closer cooperation, as depicted by their three pillars of the Ukraine Facility. The unprecedented measure taken by the EU to support Ukraine have taken a toll on the European economy (Borrell, 2022). and risks even more, as they have leveraged funds and disbursed loans to Ukraine without the certainty of a positive outcome.

In continuation of the EU's motivations for supporting, the EIB has continued to support Ukraine. The EIB's experience in - and access to - fund disbursement mechanics enabled them to quickly act in support of Ukraine, by using already established frameworks for loan and grant disbursements for fund transfer.

Variants of Liberalism

Republican Liberalism:

The idea of democratic peace is more present than before. Following Immanuel Kant's assumption that democratic states will tend towards more cooperative behaviour, we see here that a democratic supranational entity will support a democratic nation that is under existential threat.

Prior to the war, western nations pressured Ukraine to enact anti-corruption reforms: "Still, in October and then again in December 2021, as the U.S. and others were warning of the increasing potential for a Russian invasion, the Biden administration was calling out Zelenskyy's government for inaction on corruption that had little or nothing to do with Russia" (Associated Press, 2022). In fact these systemic issues and were known by foreign institutions (Ibid.), which had called for action long prior to the Russian invasion.

The lack of action on this issue prior to the war may have been due to the acceptable cost of corruption in the eyes of other societal groups, a sort of "cost of doing business" mentality. Another possible explanation could be an unequal access to government institutions from which political elites derive personal gain from a corrupt system and are incentivized to continue the status quo. It may as well have been a combination of the two.

Regardless of the reasoning, the cost of the rent-seeking behaviour changed at the onset of the war. Systemic issues that create inefficiencies and increase the cost on the Ukrainian society were likely deemed unacceptable at a time when the nation was pooling all its resources against an existential threat. This is depicted by a Ukrainian citizen "Corruption during war is totally unacceptable because people are giving their lives to fight Russians and to defend the motherland" (Serhii Bochkarev in Meldrum, 2023). Hence, in terms of the formation of state preferences, this cost became unacceptable at a time of crisis, and measures were taken to curb corrupt behaviours in government (Meldrum, 2023)

In terms of international relations, this rent-seeking behaviour conflicting with western calls for anti-corruption measures, pushed Ukraine to act in order to appease their foreign supporters, facilitate inflows of investment. In these anti-corruption moves, Zelenskyy announced “Any internal problems that hinder the state are being cleaned up and will be cleaned up. It is fair, it is necessary for our defense, and it helps our rapprochement with European institutions.” (Zelenskyy in Meldrum, 2023) Indirectly, this was an example of a harmonious preference that emerged on the onset of the war.

These changes impacted the UPBEE project, as the Deputy Infrastructure Minister, who was involved in the project, was fired under allegations of embezzlement in an unrelated issue (Meldrum, 2023).

As for the project, the EIB and the UNDP has increased its support to Ukraine, by offering increase technical assistance in addition to the funding. This will provide additional personnel with the aim of monitoring the project and preventing mismanagement (UNDP, 2022).

Analysing how domestic interests were conveyed to the EIB and EU is much less nuanced. In response to an invasion that has threaten Ukrainian territorial integrity, and to an enemy that disregards the existence of a Ukrainian identity, most Ukrainian societal groups have come together.

Furthermore, in response to this conflict, President Zelenskyy has enacted anti-democratic measures, such as martial law, postponement of elections and banning of political parties. This undoubtedly affects the representation of interests, but the radical measure has not been criticized by the EU, due to the circumstances.

Ideational Liberalism:

The EIB’s continued support to Ukraine shows clear links to Ideational Liberalism.

Based on the 3 pillars of identity, we can find that the EU and Ukraine have a common, harmonious definition of the Ukrainian nation.

This support is evident in policy and discourse, as the EU does not recognise Russia’s annexation of Crimea in 2014. The mutual and harmonious recognition of one-another’s borders and identities created a foundational common understanding at the onset of the conflict. It was concluded that Russia’s invasion of Ukraine was illegal, and unprovoked, therefore illegitimate (European Council, 2022).

In addition to the factor of geographical identity, Ukraine benefits from close and shared historical ties to European nations. These previously mentioned historical ties, inherited by the Baltic and eastern European countries’ integration to the EU, created an empathetic relationship in regard to Russian coercive actions on weaker states and minorities.

Lastly, the Ukrainian government’s legitimacy was bilaterally concretized ever since the Euromaidan events (Britannica, 2023). These events removed Russian-aligned President Yanukovich, in response to his refusal of the EU-Ukraine Association Agreement, an action in direct opposition to Ukrainian majority. With the formation of a new, pro-European government, the EU recognised its legitimacy and strengthened its ties to Ukraine through the ratification of the Association Agreement.

Contextualizing the EU’s and EIB’s reaction to the conflict, we can see a causal link between the ideational ties binding the EU and Ukraine, and the EIB’s extended support through its programmes, and outside of it as well.

Ukraine's longstanding commitment to align with European Union (EU) norms and values shared ideational principles. The EU's increased support to Ukraine since the invasion of Ukraine created positive feedback of adoption of EU norms, which in turn reinforced EU ties with Ukraine, and thus motivations to support Ukraine. An indirect, yet related effect of this war was the attention to corruption changed in Ukraine. The existential threat posed by the Russian invasion made rent-seeking behaviour unacceptable, in this time of individual sacrifice for the collective. This shift in ideational norms led to anti-corruption measures and changes in state preferences.

The EIB's continued enforcement of normative aspect of the UPBEE, such as monitoring for best practices, and transparent evaluation of the proposals reflect that despite the external pressures, the EIB continues to relay EU norms and values. The continued coordination with the CoM highlights the EIB's accent on democratic norms of representation. "In the EU's Eastern and Southern Neighbourhood, stabilisation in political, economic and security terms is the main driver for the EU engagement with partner countries." (EU, 2023: 188)

The interdependence between the EU and Ukraine is driven by shared beliefs, historical experiences, and a common interest in security and stability. These ideational ties form the basis of cooperation, even when it may not align with immediate economic interests.

In summary, Ideational Liberalism is evident throughout the commitments to EU and EIB. Following Moravcsik's description of the fundamental factors of Ideational Liberalism, we can find harmonious compatibility in the EU's and Ukraine conceptions of "legitimate borders, political institutions, and socioeconomic equality". For this reason, the EU interprets Russia's invasion of Ukraine as illegitimate, but also in direct conflict with EU domestic interests. It also led to a European collective reconsideration of ties to Ukraine, where ideational ties prevailed over material factors. These ideational elements shape the EIB's approach to investments in conflict areas and the EU's support for Ukraine, where the ideational factors prevailed material risks.

Commercial Liberalism:

Analysing the EIB's reactions in the perspective of commercial liberalism, the economic ties between EU and Ukraine have been deeply disrupted since the Russian invasion. In the context of the EIB's support, given the circumstances, continuing the UPBEE project is not a financially rational action. However, the EIB has political incentives to continue its support for Ukraine, which overrides economic concerns. This reflects the idea that economic interests may be set aside in favour of broader political and strategic goals.

Presented with the analysis of the changes in the interdependent relations between EU and Ukraine, we can see that the commercial incentives for cooperation have almost entirely subsided. Instead, the EIB has rationally understood Ukraine's difficult economic position, and provided in a unilaterally dependent context. This is exemplified by the EIB staff member's communication in relation to their support to Ukraine:

"Ukraine today has difficulty getting financing from the markets," she says. "With EU support, we are offering loans with very long grace periods. They do not have to repay them for a long time, sometimes up to five years." (Silvestro von Kameke in Knight, 2022)

“We are also helping Ukraine rebuild or repair logistics centres, deliver blankets, thermal mugs and rucksacks to people hiding in bomb shelters, build housing for people who had to move because of the war, improve firefighting and ambulance services, fix broken electricity and gas lines.” (Knight, 2022)

For Ukraine, cooperation with international entities like the EIB is essential for its survival and economic stability. The EIB, on the other hand, benefits from cooperation in terms of enhancing its reputation, increasing funding, and demonstrating its effectiveness as a foreign policy tool. This exemplifies how economic cooperation and aid can serve as a catalyst for broader geopolitical goals.

The only commercial interdependence we can interpret in this situation, is based on long-term economic ties with Ukraine. However, these factors are mitigated by the lack of potential return on investments (due to the grace periods, and the economic downsides of related Russian sanctions). Furthermore, the uncertainty surrounding these investments, and the success of the related projects compounds these factors.

Taking into account all these elements, the following conclusion can be inferred. The onset of the war in Ukraine has profoundly changed the nature of cooperation between the EU and Ukraine, even in its development projects. The lack of economic interests in the EIB’s investments, and the EU’s support, prove that what was at the surface, commercial liberalism, was the appearance of deeper, and deepening ideational ties between the EU and Ukraine. What was at first a commercial and ideational cooperation, has now shifted purely into ideational motives for cooperation.

With this tri-partite analysis, we can determine the shift of international cooperation within the previous triangular graph:

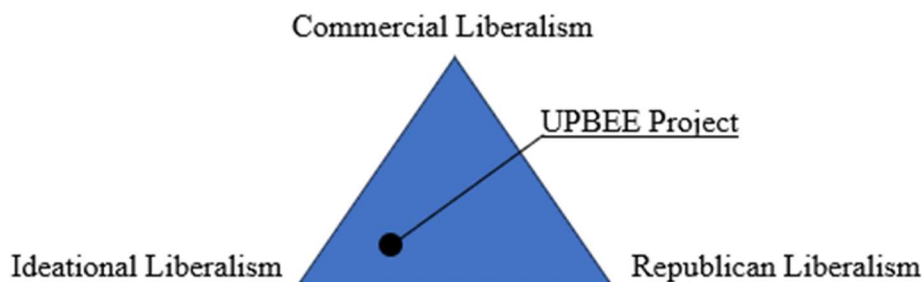


Figure 4: Adapted approach to ODA

In conclusion, the conflict Ukraine has shifted the nature of international cooperation from primarily commercial to ideational. Ideational Liberalism, driven by identity-based preferences, played a central role in shaping the support provided by the EIB and more broadly the EU. Ukraine’s domestic preferences, and societal structure changed due to the conflict, a further aligned with EU norms and identity. Anti-corruption measures were enacted, and Ukraine applied for EU membership.

Economic interests have taken a back seat to political and strategic ties, emphasizing the importance of shared ideals in shaping international relations and support for Ukraine. This evolution underscores the complexity of international interactions and the pluralist approach of the EU in International Relations.

PART III: Constructivist Analysis

Having determined the ideational predominance in the EU's and EIB's support to Ukraine, investigating these changes through a constructivist lens may help provide a better understanding of the interactions between the EIB and Ukraine. The ideational aspects of shared identity, norms, and values is a core assumption of constructivist international relations. Furthermore, the perception of material interests as secondary to beliefs and norms within the EIB's reactions shows a fitting assumption of interpretivist analysis.

Shared Knowledge:

Throughout the Russian invasion of Ukraine, the EIB and the EU has continued to support Ukraine. This common understanding of the threat to Ukraine is a shared, harmonious belief that encapsulates perfectly the Constructivist idea of private and shared knowledge.

Prior to the Euromaidan and the annexation of Crimea of 2014, the EU and Ukraine had strictly financial ties, with a common understanding of shared historical and identity ties, and a common interest in cultivating these ties. However, the events of 2014, and the overt Ukrainian wish for closer ties with the EU, accelerated this cooperation.

Shared Beliefs:

Through ODA normative activities, trade partnerships, and special foreign policy, Ukraine and the EU continued to foster cooperation. While shared identity underlined these relations, the visible ties were mainly based on economic and normative development. However, as explained by Wendt "Even if states' private beliefs are completely exogenous to the international system [...] when aggregated across interacting states they become emergent" (Wendt, 2006: 141).

Analysing the EU's support to Ukraine, we can see that the shared ideational beliefs were not the only, or the main ties to Ukraine. However external events forced these underlying ties to emerge even in the most material ties between the EU and Ukraine. In simple terms, this is the belief Ukraine is a European nation, with EU norms and identity, and thus the EU should support them. This feeling is depicted by Von der Leyen's speech "Because Ukrainians are fighting not just for their sovereignty but also for us, for our freedom, for our values" (Von der Leyen, 2023) The UPBEE's changed approach is emblematic of this emergence of privately held beliefs onto the international stage.

The EU's substantial financial support underscores its prioritization of identity ties and shared norms and beliefs over material interests. This unique approach has significant implications for the European Union's relationship with Ukraine.

Path Dependency:

Ukraine's strong connections with European nations, particularly the Baltic states, serve as the foundation for the development of path dependency. This concept suggests that common history and identity play a pivotal role in shaping current events, whether cooperative or conflictual. Notably, in response to Russia's belligerence, Eastern European nations have emerged as Ukraine's staunchest supporters, as evidenced by various metrics (Statista, 2023).

The sustained and unprecedented support for Ukraine has led to an acceleration in the adoption of EU norms. This evolution is driven not only by security concerns but also by an affiliation with the European Union's identity. Key examples of this shift include Ukraine's embrace of LGBT reforms and anti-corruption measures, issues that were largely unaddressed before the onset of the war. Importantly, Ukraine's application for EU membership coincided with the conflict.

Reciprocal cooperation:

In a remarkable feedback loop, stemming from the EU's support, Ukraine has swiftly adopted European norms (Getmanchuk & Halushka, 2023) such as reforms in rule of law, anti-corruption. Most recently, Ukraine has recently adopted media reforms in line with EU norms, and mechanisms for the protection of minorities' rights are being drafted (Ibid.). This phenomenon aligns with the predictions of scholars like Wendt in the field of international relations. According to Wendt, "by choosing to cooperate in a social dilemma Ego implicitly takes a collective identity [...] If Alter reciprocates then Ego's tentative new identity will be reinforced, leading to further cooperation and, over time, an internalization of collective identity on both sides." (Wendt, 2006: 346). In essence, Ukraine and the EU have formed a shared identity through their reciprocal cooperation.

EC president Ursula von der Leyen emitted this sentiment herself "We want to match Ukrainian reforms with European investments. For every step Ukraine takes towards us, the European Union must take a step towards Ukraine." (Von der Leyen, 2023).

Since the initiation of the European Investment Bank's (EIB) activities in Ukraine in 2007, the EIB has played a pivotal role as an EU norm entrepreneur. It has aided Ukraine in internalizing European norms and striving to meet European standards. This foundational work proved to be of paramount importance, especially when commercial interests became less significant.

The convergence of shared beliefs and interests between the EU and Ukraine has driven the EU to take unprecedented actions. This situation exemplifies the constitutive effects of the system on the actor, where the international system influences the behaviour of its constituent actors.

In summary, the constructivist analysis highlights the significance of shared ideational factors in the EU and EIB's support for Ukraine. Common beliefs, identity, and norms have driven their cooperation, even when faced with pressures that risked their material interests. The Russian invasion of Ukraine acted as a catalyst in deepening this partnership, solidifying Ukraine's place as a European nation. This support has led to the adoption of EU norms by Ukraine, creating a feedback loop that reinforces a shared identity. The EIB played a pivotal role in promoting European norms in Ukraine. These European Norms are now the basis upon which the EU provides a lifeline to Ukraine. This analysis proves the existence of shared knowledge and ideational factors shaping EU-Ukraine relations.

FINDINGS

Prior to the war, it is evident that the EIB's approach to development assistance was heavily rooted in a Neoliberal understanding of international relations.

The UPBEE project addressed many of the core tenets of Neoliberal theory, aiming to enhance representation, democracy, and economic development in the country. It incorporated a diverse set of actors to accurately represent Ukrainian interests and mitigate rent-seeking behaviour. Furthermore, it integrated EU normative activities within the project and tied these to development funds. Most notably, it aimed to align with the beneficiary's interests to promote the adoption of EU norms and balance the cost of normalization.

Consequently, we can discern a dual approach within the EIB's strategy. On one hand, it used commercial incentives based on Ukraine's interests and the allure of economic ties. On the other, it sought to strengthen ideational relations between both parties through the infusion of EU norms into Ukraine.

However, the outbreak of war compelled the EIB to reassess its approach to the project. When extreme external pressures strain bilateral relations, societal interests become secondary to survival needs. This phenomenon mirrors historical events like World Wars and the Cold War, where alliances and cooperation were primarily shaped by ideologies and identity. This paradigm is once again evident in the EIB's assistance to Ukraine, which is predominantly grounded in shared European norms and identity.

The EIB reacted to the invasion of Ukraine in a rational manner, aligning its actions with EU policy and interests. The bank continues to wield significant foreign policy influence, tying funds to EU norms and, in the process, incentivizing predominantly liberal principles such as democracy, peace, and entrepreneurship in recipient countries. Prior to the war, Ukraine was already progressing towards these reforms, but the conflict, coupled with the EU's unparalleled support, expedited these changes.

In the context of the relationship between the EIB (and by extension, the EU) and Ukraine, Moravcsik's New-Liberal structure remains intact. In the context of the UPBEE program, like other programs and funds allocated to the EU before the war, this continued structure aligns with contractual obligations and established mandates. Nonetheless, we can observe that ideological motivations and transnational ties have played a pivotal role in pushing the boundaries of concessional finance. The measures taken by the EIB to support Ukraine more closely resemble donations than traditional development assistance, as they stretch the limits of loan financing through grace periods and low-interest rates, all while supporting private investments.

With these observations, it becomes apparent that there has been a shift in the New Liberalism variant towards an ideological orientation. This transformation is rational, considering that economic incentives for interdependent economic ties have become untenable. Strictly from an economic standpoint, increased investments in a country invaded by a global power entail irrational risks with uncertain benefits. Hence, the motivations behind the EIB's support are primarily ideational. This finding is congruent with the EIB's discourse and the broader EU discourse, which underscore the foundation of this support in transnational identity, history,

values, and norms. In alignment with this perspective, Ukraine has also responded in kind through discourse and reforms.

Thus, despite the persistence of the New-Liberal structure, the EIB's motivations can be characterized as constructivist. Under extreme pressures, inter-state relations are reevaluated since economic interests become irrelevant. We have witnessed this shift with the breakdown of commercial liberalism, compelling the EU to reconsider and adapt its relationship with Ukraine. The historical ties, shared identity, and common norms have proven strong enough for the EU to invest in supporting Ukraine, even at the cost of its own interests and energy security.

The actions taken by the EU in support of Ukraine have undoubtedly set new precedents. Norms related to military assistance have been established, and support for displaced populations has reached an unprecedented scale. The EIB has been instrumental in its support of Ukraine, rapidly mobilizing funds, providing a record-breaking 4-billion Euro in assistance to countries welcoming refugees, and adapting its development projects.

Extrapolating these observations to a systemic level, we can identify the factors influencing a third party's response to an international conflict. While economic cooperation can serve as a low-politics pathway to foster transnational ties, it alone cannot sustain these ties during a conflict, given that it is one of the policy sectors most affected by war. When bilateral economic interests falter due to national security priorities and international positioning, support can only persist through deeper ties. In extreme international conflict scenarios, support is grounded in ideological principles underpinning shared beliefs, identity, and norms – the bedrock of robust and enduring cooperation, particularly during symmetric wars. Examples of this can be observed in Iran's support of Russia and Western nations' support of Ukraine. Support for the weaker nation in asymmetric wars, such as the Russian invasion of Ukraine, represents an extreme example of these dynamics of transnational ties.

In essence, International Financial Institutions (IFIs) and Official Development Assistance (ODA) activities can play a strategic role during these crises by disbursing funds, representing the donor country politically, and coordinating and cooperating with beneficiary institutions. They facilitate interactions between countries, thereby enhancing the efficiency of support during times of conflict. This study affirms that ODA activities can not only serve as a catalyst for normative ties but also as an accelerator for shared and intersectional beliefs.

However, their work also enables the transfusion of norms and identity into beneficiary countries. The EIB's activities expedited cooperation and strengthened the bonds between the two countries through its normative projects. This transfusion fosters deeper ties between the donor and beneficiary, ultimately culminating in an identity-based ideational relationship, rather than mere commercial cooperation.

Conclusion

In conclusion, the EIB's unwavering commitment to Ukraine signifies a profound shift in its approach, evolving from a purely Neo-Liberal stance to embrace constructivist principles during times of crisis. This transformation of the UPBEE project underscores the imperative of adaptability in the realm of international relations and development projects.

In our increasingly globalized world, as international tensions escalate, third-party actors must carefully consider their role: whether to remain neutral, withdraw investments, or actively support a conflicted party. This complex decision-making process hinges on an evaluation of transnational ties, interests, and perceptions of strength and aggression.

The EIB and the EU have unmistakably chosen to intensify their engagement with Ukraine, despite the inherent risks. This choice not only conveys a message of unity to the global community but also strengthens the EU's international image as an influential force capable of shaping power dynamics and spreading its norms and influence.

For the EIB, the UPBEE and similar projects in Ukraine have become instrumental in setting norms and representing a turning point in funding, mandates, and institutional discretion. Their adaptability and responsiveness have positioned the institution as a valuable foreign policy tool for the EU, promoting EU interests while maintaining a positive international image.

Only time will reveal the true impact of this unprecedented support for Ukraine on the EU in the long term. The outcome largely depends on the resolution of the Russo-Ukrainian conflict. As of 2023, it seems that Ukraine will persist as a sovereign entity. If the conflict reaches a stalemate or a Ukrainian victory, the EU's risk-taking and robust support will have proven to be a wise investment, supporting a close, ideologically aligned partner poised to potentially join the union.

Bibliography

- Associated Press, 2022: Corruption concerns involving Ukraine are revived as the war with Russia drags on. Article of July 20th 2022, Associated Press.
<https://www.npr.org/2022/07/20/1112414884/corruption-concerns-involving-ukraine-are-revived-as-the-war-with-russia-drags-o>
- Britannica (2023): The [Maidan](#) protest movement. Britannica.com
<https://www.britannica.com/place/Ukraine/The-Maidan-protest-movement>
- Com-East (2023): About. Covenant of Mayors East <https://www.com-east.eu/en/about/>
- Council of the EU, (2022): EU support to Ukraine: Council doubles funding under the European Peace Facility, Council of the European Union
<https://www.consilium.europa.eu/en/press/press-releases/2022/03/23/eu-support-to-ukraine-council-doubles-funding-under-the-european-peace-facility/>
- EC (2023): EU Solidarity with Ukraine , Recovery and reconstruction of Ukraine, European Commission, https://eu-solidarity-ukraine.ec.europa.eu/eu-assistance-ukraine/recovery-and-reconstruction-ukraine_en#support-for-ukrainian-schools
- EC (2023): Neighbourhood Investment Platform, European Neighbourhood Policy and Enlargement Negotiations (DG NEAR). European Commission.
https://neighbourhood-enlargement.ec.europa.eu/neighbourhood-investment-platform_en
- EC (2023): Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI – Global Europe), European Neighbourhood Policy and Enlargement Negotiations (DG NEAR). European Commission.
https://neighbourhood-enlargement.ec.europa.eu/funding-and-technical-assistance/neighbourhood-development-and-international-cooperation-instrument-global-europe-ndici-global-europe_en
- EC (2023): Recovery and reconstruction of Ukraine. Europa.eu . https://eu-solidarity-ukraine.ec.europa.eu/eu-assistance-ukraine/recovery-and-reconstruction-ukraine_en#support-for-ukrainian-schools
- EC, 2020: Europe's moment: Repair and prepare for the next generation. Press Release 27 May 2020. European Commission
https://ec.europa.eu/commission/presscorner/detail/en/ip_20_940
- EC, 2022: Global Europe, the neighbourhood, development and international cooperation instrument. https://international-partnerships.ec.europa.eu/system/files/2021-07/factsheet-global-europe-ndici-june-2021_en.pdf
- EIB (2019): EIB Group Risk Management Charter, European Investment Bank
https://www.eib.org/attachments/eib_group_risk_management_charter_en.pdf
- EIB (2020): Statute and other treaty provisions, European Investment Bank
https://www.eib.org/attachments/general/statute/eib_statute_2020_03_01_en.pdf
- EIB (2022a): 2021 Financial Report. European Investment Bank
https://www.eib.org/attachments/publications/eib_financial_report_2021_en.pdf
- EIB (2022): EIB and UNDP expand partnership to help Ukraine rebuild sustainable and energy-efficient public buildings. European Investment Bank.

<https://www.eib.org/en/press/all/2022-415-eib-and-undp-expand-partnership-to-help-ukraine-rebuild-sustainable-and-energy-efficient-public-buildings>

- EIB (2022): EIB Board approves €668 million immediate financial support to Ukraine. European Investment Bank <https://www.eib.org/en/press/all/2022-115-eib-board-approves-eur-668-million-immediate-financial-support-to-ukraine.html>
- EIB (2022): EIB Board, supported by the EU Commission, approves €1.59 billion of EU financial assistance for Ukraine. European Investment Bank <https://www.eib.org/en/press/all/2022-336-eib-board-supported-by-the-eu-commission-approves-eur1-59-billion-of-eu-financial-assistance-for-ukraine.htm>
- EIB (2022): EIB GROUP CORPORATE GOVERNANCE REPORT 2021. European Investment Bank. https://www.eib.org/attachments/publications/eib_group_corporate_governance_report_2021_en.pdf
- EIB (2022): EIB GROUP CORPORATE GOVERNANCE REPORT 2021. https://www.eib.org/attachments/publications/eib_group_corporate_governance_report_2021_en.pdf
- EIB (2022): EIB Group renews its commitment to Ukraine with emergency and ongoing support and a new donation from its philanthropic arm. European Investment Bank <https://www.eib.org/en/press/all/2022-537-eib-group-renews-its-commitment-to-ukraine-with-emergency-and-ongoing-support-and-a-new-donation-from-its-philanthropic-arm.htm>
- EIB (2023): EU Member States pledge over €400 million to the EIB's Fund supporting Ukraine . European Investment Bank. <https://www.eib.org/en/press/all/2023-272-eu-member-states-pledge-over-eur400-million-to-the-eib-s-fund-supporting-ukraine.htm>
- EIB (2023): Over 470 businesses supporting women's economic empowerment across developing country markets have received investment over the last two years. European Investment Bank. <https://www.eib.org/en/press/all/2023-202-over-470-businesses-supporting-women-s-economic-empowerment-across-developing-country-markets-received-investment-over-the-last-two-years>
- EIB (2023): The EIB stands with Ukraine, Solidarity Timeline. EIB.org <https://www.eib.org/en/projects/regions/eastern-neighbours/ukraine/eib-solidarity.htm?sortColumn=StartDate&sortDir=desc&pageNumber=0&itemPerPage=10&pageable=true&language=EN&defaultLanguage=EN&tags=ukraine-solidarity&ortags=true>
- EIB, (2018): Best Banking Practice Guiding Principles of the European Investment Bank European Investment Bank https://www.eib.org/attachments/general/best_banking_practice_guiding_principles_en.pdf
- EIB, (2022): Environmental and Social Sustainability Framework, The EIB Group Environmental and Social Policy. European Investment Bank. https://www.eib.org/attachments/publications/eib_group_environmental_and_social_policy_en.pdf
- EIB, (2023a): EIB approves “EU for Ukraine” Initiative to finance Ukraine recovery and reconstruction, and backs transport, energy and business investment around the world <https://www.eib.org/en/press/all/2023-157-eib-approves-eu-for-ukraine-initiative-to-finance-ukraine-recovery-and-reconstruction-and-backs-transport-energy-and-business-investment-around-the-world>

- EIB (2022): EIB Strategic Approach to Fragility and Conflict European Investment Bank https://www.eib.org/attachments/lucalli/eib_strategic_approach_to_fragility_and_conflict_en.pdf
- EIB (2022): EIB Strategic Approach to Fragility and Conflict European Investment Bank https://www.eib.org/attachments/lucalli/eib_strategic_approach_to_fragility_and_conflict_en.pdf
- EIB (2023b): Resilience and renewal in Europe, Chapter 4 Trends in regional and social cohesion. European Investment Bank <https://www.eib.org/en/publications/20220211-investment-report-2022>
- EU (2023): Types of institutions and bodies European Union. https://european-union.europa.eu/institutions-law-budget/institutions-and-bodies/types-institutions-and-bodies_en
- EU, (2023): Association Agreement between the European Union and its Member States, of the one part, and Ukraine, of the other part. European Union [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:22014A0529\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:22014A0529(01))
- EU, (2023): EU Regional Communication Programme for the Eastern Neighbourhood ('EU NEIGHBOURS east'), European Neighbours East <https://euneighbourseast.eu/projects/eu-project-page/?id=1463>
- EU, 2023: EU Support for Ukraine. European Union. https://european-union.europa.eu/priorities-and-actions/eu-support-ukraine_en
- EU, 2023: EU Voluntary Review on progress in the implementation of the 2030 Agenda, Luxembourg: Publications Office of the European Union, 2023 https://international-partnerships.ec.europa.eu/policies/sustainable-development-goals_en
- European Council (2022): Declaration by the High Representative on behalf of the European Union on Russia's war of aggression against Ukraine. <https://www.consilium.europa.eu/en/press/press-releases/2022/09/22/declaration-by-the-high-representative-on-behalf-of-the-european-union-on-russia-s-war-of-aggression-against-ukraine/>
- European Council, (2023): EU response to Russia's invasion of Ukraine, What measures has the EU taken against Russia? European Council <https://www.consilium.europa.eu/en/policies/eu-response-ukraine-invasion/#sanctions>
- European Parliament, (2023): Public Opinion on Russia's war against Ukraine, European Parliament, Eurobarometer. <https://www.europarl.europa.eu/at-your-service/files/be-heard/eurobarometer/2022/public-opinion-on-the-war-in-ukraine/en-public-opinion-on-the-war-against-ukraine-20230926.pdf>
- Getmanchuk A., and Halushka O. (2023): Mapping the progress of Ukraine's EU-led reforms. Euractiv <https://www.euractiv.com/section/europe-s-east/opinion/mapping-the-progress-of-ukraines-eu-led-reforms/>
- H. Kharas, 2009: Development Assistance in the 21 st Century. https://www.brookings.edu/wp-content/uploads/2016/06/11_development_aid_kharas-1.pdf
- H. Kharas, 2009: Development Assistance in the 21 st Century. https://www.brookings.edu/wp-content/uploads/2016/06/11_development_aid_kharas-1.pdf
- Habib M., Zurawicki L., 2002 Corruption and Foreign Direct Investment. J Int Bus Stud 33, 303 (2002). <https://doi.org/10.1057/palgrave.jibs.8491017> <https://www.lloydsbanktrade.com/en/market-potential/ukraine/investment>

- IEA (2023): EU4Energy. International Energy Agency
<https://www.iea.org/programmes/eu4energy>
- Ishchenko v., (2022). "Why did Ukraine suspend 11 'pro-Russia' parties?", Aljazeera.
<https://www.aljazeera.com/amp/opinions/2022/3/21/why-did-ukraine-suspend-11-pro-russia-parties>
- Kapur D., Webb R. (2000): G-24 Discussion Paper Series, Governance-related Conditionalities of the International Financial Institution. G- 24.
<https://www.g24.org/wp-content/uploads/2016/01/06.pdf>
- Kharas H. (2009): Development Assistance in the 21 st Century., Contribution to the VIII Salamanca Forum, The Fight Against Hunger and Poverty, July 2-4, 2009. Wolfensohn Center for Development at Brookings https://www.brookings.edu/wp-content/uploads/2016/06/11_development_aid_kharas-1.pdf
- Knight C. (2022): For the long haul in Ukraine European Investment Bank.
<https://www.eib.org/en/stories/ukraine-war-rebuilding>
- Lloyds Bank (2023): Foreign direct investment (FDI) in Ukraine. Lloyds Bank
- Meldrum A., 2023: Ukraine corruption scandal claims several top officials, Associated Press, Published on January 24, 2023. Contributors: Y. Karmanau, M. Harb, E. Knickmeyer, L. C. Baldor and M. Lee. <https://apnews.com/article/russia-ukraine-zelenskyy-government-30e547e614babcaff2e68cecd62b551>
- Moravcsik A. (1997), 'Taking Preferences Seriously: A Liberal Theory of International Politics', International Organization, 51, pp. 513-53.
In Baldwin, D.A. (Ed.). (2008). Theories of International Relations (1st ed.). Routledge. <https://doi-org.zorac.aub.aau.dk/10.4324/9781315236339>
- OECD, 2001: Investment Policy Review Ukraine (84); Organisation for Economic Co-operation and Development <https://doi.org/10.1787/9789264192850-en>
- Polityuk P., (2022): Citing martial law, Ukraine president signs decree to combine national TV channels into one platform, Reuters.
<https://www.reuters.com/world/europe/citing-martial-law-ukraine-president-signs-decree-combine-national-tv-channels-2022-03-20/>
- President.gov.ua, (2023): Photos, Foreign Visit, President of Ukraine, Volodymyr Zelenskyy, President.gov.ua. <https://www.president.gov.ua/en/photos/foreign-visits>
- Rosen P. (2023): How Russia's war has reshaped Ukraine's economy. Insider.
<https://www.businessinsider.com/russia-economy-ukraine-war-invasion-sanctions-putin-moscow-inflation-2023-7?op=1&r=US&IR=T>
- Saldinger A. (2022): EIB ramps up Ukraine work, faces questions about global commitments. Devex <https://www.devex.com/news/eib-ramps-up-ukraine-work-faces-questions-about-global-commitments-103893>
- Severino J.M. & Ray O., 2009: The End of ODA: Death and Rebirth of a Global Public Policy, Center for Global Development
http://www.cosv.org/download/centrodocumentazione/End_of_ODA_FINAL.pdf
- Statista (2023): Total bilateral aid commitments to Ukraine as a percentage of donor gross domestic product (GDP) between January 24, 2022 and May 31, 2023, by country <https://www.statista.com/statistics/1303450/bilateral-aid-to-ukraine-in-a-percent-of-donor-gdp/>
- Statista, (2023): Do you approve or disapprove of the way Volodymyr Zelenskyy is handling his job as president?, Statista.
<https://www.statista.com/statistics/1346711/volodymyr-zelenskyy-approval-rating-by-region-ukraine/>

- UN (2023): United Nations Social Development Goals, 17 goals. United Nations <https://sdgs.un.org/goals>
- UN (2023): United Nations, Academic Impact, Capacity Building. United Nations <https://www.un.org/en/academic-impact/capacity-building>
- UNDP (2023): Renovated sports complex for people with disabilities opens in Poltava Oblast thanks to EU and EIB support . United Nations Development Programme. <https://www.undp.org/ukraine/press-releases/renovated-sports-complex-people-disabilities-opens-poltava-oblast-thanks-eu-and-eib-support>
- UNDP, (2022): EIB and UNDP expand partnership to help Ukraine rebuild sustainable and energy-efficient public buildings, UNDP. <https://www.undp.org/node/360881>
- UNDP, (2022): EIB and UNDP expand partnership to help Ukraine rebuild sustainable and energy-efficient public buildings, UNDP <https://www.undp.org/node/360881>
- UPBEE (2021): B.TERMS OF REFERENCE Technical Assistance to the implementation of Ukraine Public Buildings Energy Efficiency in Framework Loan in Ukraine. Ted eTendering, Calls for tenders from the European institutions. <https://etendering.ted.europa.eu/cft/cft-document.html?docId=105776>
- Von der Leyen U. (2023): Keynote speech by President von der Leyen at the Ukraine Recovery Conference 2023, European Neighbourhood Policy and Enlargement Negotiations (DG NEAR), European Commission https://neighbourhood-enlargement.ec.europa.eu/news/keynote-speech-president-von-der-leyen-ukraine-recovery-conference-2023-2023-06-21_en
- Wendt, A. (1999/2006). Social Theory of International Politics. Cambridge University Press. <https://search-ebSCOhost-com.zorac.aub.aau.dk/login.aspx?direct=true&db=nlebk&AN=55674&site=ehost-live>
- Zelenskyy V. (2023): To endure the winter and deliver a powerful rebuff to Russian attacks on Ukrainian cities is the focus of all efforts now – President Volodymyr Zelenskyy's address. President of Ukraine, Volodymyr Zelenskyy. <https://www.president.gov.ua/en/news/projti-zimu-j-dati-potuzhnu-vidpovid-na-rosijski-udari-po-mi-86349>