**ANNEX**

**to the**
**Commission Decision**

**on the approval of the conclusion of Ukraine Guarantee agreements between the European Union and eligible counterparts**

## LIST AND DESCRIPTION OF GUARANTEE AGREEMENTS[1] FOR INVESTMENT

### 1. List of guarantee tools to be funded

| Title | Selected Entrusted Entity | Maximum Ukraine Guarantee amount | Total expected investment to be generated |
|---|---|---|---|
| 1.1 Municipal, Infrastructure & Industrial Resilience Plus Programme – Top up | EBRD | EUR 150 million | EUR 525 million |
| 1.2 HI-BAR – Top up | EBRD | EUR150 million | EUR 525 million |
| 1.3 Financial Inclusion – Top up | EBRD | EUR140 million | EUR 830 million |
| 1.4 Ukraine Recovery and Reconstruction Guarantee Facility (URGF) | EBRD | EUR 50 million | To be determined, given novelty of the scheme |
| 1.5 EIB dedicated part of the Ukraine Guarantee | EIB | EUR 1950 million | EUR 3000 million |
| 1.6 MSME Access to green, growth and inclusive finance | EIB | EUR 150 million | EUR 930 million |
| 1.7 Better Futures Program (BFP) – Top up | IFC | EUR 350 million | EUR 1120 million |

[1] Specific terms and conditions, such as own risk mechanisms, to be agreed during the negotiations of the respective guarantee agreement.

### 1.1 Municipal, Infrastructure & Industrial Resilience Programme – Top up

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| EU budgetary guarantee programme | Ukraine Guarantee |
| Date of Board Opinion | 17 April 2024 |
| Lead FI | EBRD |
| Maximum Ukraine Guarantee amount | EUR 150 million |
| Expected total investment to be generated | EUR 525 million |
| Objectives and expected results | This is a top up of an existing guarantee agreement (signed on 2nd January 2024) under EFSD+, the "Municipal, Infrastructure & Industrial Resilience Programme".<br><br>The objective of this guarantee is to enable financing for investments in a number of sectors strongly affected by the war, including infrastructure both at the national and municipal level, industrial operations, agriculture and food security.<br><br>The guarantee will enhance much needed financing flows for key projects that help alleviate the impact of the war, enhance resilience and keep investments going in a sustainable direction. Such flows have been hampered by the heightened risks in the country, which the EU will help shoulder via the risk-sharing effect of the guarantee. By sustaining such financing flows, the Programme will help maintain jobs and employment, improve municipal services, interconnectivity and trade, and help the country's production base become more resilient and sustainable.<br><br>Preliminary estimates made by EBRD suggest that the resulting investments could support EUR 525 million of new lending volume made available via the programme and lead to expected reductions of $CO_2$-emissions of 100,000 tons $CO_2e$/year |
| Sectors Covered | Transport & logistics, municipal infrastructure, industrial and commercial activities, property and tourism, agribusiness and food and value chains. |
| Types of instruments | Debt |
| Expected leverage ratio | 1 : 3.5 |

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| Risk-sharing structure and alignment of interest between the Commission and the counterpart | EU guarantee in the form of a first loss cover on loans provided by EBRD and co-financiers. Alignment of interest ensured, inter alia, by percentage of risk retained by EBRD. |

### 1.2 HI-BAR – Top up

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| EU budgetary guarantee programme | Ukraine Guarantee |
| Date of Board Opinion | 17 April 2024 |
| Lead FI | EBRD |
| Maximum Ukraine Guarantee amount | EUR 150 million |
| Expected total investment to be generated | EUR 525 million |
| Objectives and expected results | This is a top up of an existing guarantee agreement (signed on 12 March 2024) under EFSD+, the “HI-BAR”.<br><br>The objective of this guarantee is to enable financing for investments in the decarbonisation of the country’s broader energy sector, targeting mainly the electricity sector but also potentially sustainable fuels and activities related to critical raw materials.<br><br>The guarantee aims to limit some of the risks for lenders when considering financing in the targeted sectors. This would strengthen the weak flow of financing to the sectors and help materialise investments that would sustain the country’s broader energy security and steps towards decarbonisation. The sharing of the risk of new lending with the EU would enable lending that would otherwise not be possible or would be available on terms that would not reflect the extraordinary country context by being unaffordable, too short-termed, or not reflective of the public goods nature of the projects.<br><br>Preliminary estimates made by EBRD suggest that the resulting investments could lead to 300 MW of additional electricity production from renewable sources and an estimated annual reduction of $CO_2$ emissions of 150,000 tonnes. |
| Sectors Covered | Renewable energy generation and storage, grids strengthening and reconstruction, sustainable fuels and critical raw materials. |
| Types of instruments | Debt |
| Expected leverage ratio | 1 : 3.5 |
| Risk-sharing structure and alignment of interest between the Commission and the counterpart | EU guarantee in the form of a first loss cover on loans provided by EBRD and co-financiers. Alignment of interest ensured, inter alia, by percentage of risk retained by EBRD. |

### 1.3 Financial Inclusion - Top up

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|---|---|
| EU budgetary guarantee programme | Ukraine Guarantee |
| Date of Board Opinion | 17 April 2024 |
| Lead FI | EBRD |
| Maximum Ukraine Guarantee amount | EUR 140 million |
| Expected total investment to be generated | EUR 830 million |
| Objectives and expected results | This is a top up of an existing guarantee agreement (signed on 15 November 2022) under EFSD+, the "Financial Inclusion in the Neighbourhood (East and South)".<br><br>The guarantee will address the constraints to access to finance for SMEs in the wartime environment of subdued lending due to increased credit risks and constrained capital in the banking system, through deploying a combination of risk mitigation and demand generation instruments backed up by a combination of guarantees and senior loans. The guarantee will be supported by incentive grants, and technical assistance.<br><br>The guarantee aims to achieve the following specific objectives: (i) address bottlenecks to private investments in Ukraine by providing financial instruments, including first loss portfolio guarantees; (ii) improve the resilience of SMEs by providing access to financing to continue or rebuild operations in the context of the war; (iii) enable SMEs to better align competitively to EU and international processes and standards, with a focus on the adoption of green technologies.<br><br>The guarantee will be deployed via following structures:<br>- First Loss Guarantees for EBRD on MSME portfolios: the EU guarantee will support projects by partially covering credit risks under SME sub-loans/leases/payment guarantees for Partner Financial Institutions (PFIs) in Ukraine. The utilisation of the EU guarantee is on loans provided by PFI from their own capital. Capped First Loss Guarantees for EBRD on financial counterparty risk. |
| Sectors Covered | Financial Markets, Access to Finance for SMEs |

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| Types of instruments | Debt, Guarantee |
| Expected leverage ratio | 1: 6 |
| Risk-sharing structure and alignment of interest between the Commission and the counterpart | EU guarantee in the form of pari passu 50% coverage for portfolio of SME loans. Alignment of interest ensured, inter alia, by 50% risk retained by EBRD. |

### 1.4 Ukraine Recovery and Reconstruction Guarantee Facility (URGF)

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| EU budgetary guarantee programme | Ukraine Guarantee |
| Date Board Opinion | 17 April 2024 |
| Lead FI | EBRD |
| Maximum EFSD+ Guarantee amount | EUR 50 million |
| Expected total investment to be generated | To be determined, given the novelty of the scheme |
| Objectives and expected results | The Ukraine Recovery and Reconstruction Facility (the “URGF”) seeks to leverage tested risk transfer mechanisms from the insurance industry, with an initial focus on short term and movable risk assets, such as in-land cargo. Over time, the structure seeks to scale up in volume and scope, crowding in global private reinsurers. The EU guarantee, via EBRD, will be provided to cover the risk of a fund which will on its hand extend insurance coverage. |
| Sectors Covered | Multisector |
| Types of instruments | Counter-guarantee to cover insurance products |
| Expected leverage ratio | At least 1:2 but to be determined, given the novelty of the scheme in the country |
| Risk-sharing structure and alignment of interest between the Commission and the counterpart | EU guarantee in the form of pass-through coverage for an insurance vehicle. For this specific proposal, EBRD will be providing own resources to the envisaged risk insurance vehicle but its exposure will be fully covered by the Ukraine Guarantee. Nevertheless, the conditions set out in Article 219(4) of Regulation (EU, Euratom) 2018/1046 (as well as in Art. 31 of the Ukraine Facility Regulation) on contributions |

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| | with own resources by eligible counterparts are met at the level of the portfolio of guarantee agreements the EBRD will sign with the EU. |

### 1.5 EIB dedicated part of the Ukraine Guarantee

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| EU budgetary guarantee programme | Ukraine Guarantee |
| Date of Board Opinion | Guarantee agreement to be concluded pursuant to Article 31(6) of the Ukraine Facility Regulation |
| Lead FI | EIB |
| Maximum Ukraine Guarantee amount | EUR 1 950 million |
| Expected total investment to be generated | Approximately EUR 3 billion, taking into account that the EIB will in some cases finance a larger part of total project costs than its usual 50%, given limited availabilities of other co-financiers to provide sufficiently concessional sovereign loans |
| Objectives and expected results | This guarantee will enable the EIB to provide sovereign or sovereign-guaranteed loans for public sector reconstruction projects, such as in the areas of energy, transport and water infrastructure, including in the maritime domain, municipal infrastructure or energy efficient repairs of damaged housing. Some of the covered operations will have had their first tranches covered by the EU4U Trust Fund (established by EIB) or by the EU External Lending Mandate 2014-21 (in case of long-ongoing projects whose implementation is still ongoing and that remain relevant). The EU guarantee will aim to enable the EIB to provide long-tenor loans with low risk pricing, adapted to the nature of the projects and taking into account public debt sustainability considerations. |
| Sectors Covered | Multisector |
| Types of instruments | Debt |
| Expected leverage ratio | 1 : 1.5 |
| Risk-sharing structure and alignment of interest between the Commission and the counterpart | EU guarantee in the form of a portfolio first loss cover. Alignment of interest ensured by EIB residual risk and by a mechanism of ex ante coordination and approval by the Commission of each financing operation to be covered. |

### 1.6 MSME Access to green, growth and inclusive finance[2]

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| EU budgetary guarantee programme | Ukraine Guarantee |
| Date of Board Opinion | 17 April 2024 |
| Lead FI | EIB |
| Maximum Ukraine Guarantee amount | EUR 150 million |
| Expected total investment to be generated | EUR 930 million |
| Objectives and expected results | This is a top up of an existing guarantee agreement (approved through Commission implementing decision C(2023) 5970 final, following a consultation of EFSD+ operational boards on 25 January 2023 and to be signed shortly) under EFSD+, the "MSME Access to green, growth and inclusive finance".<br><br>The primary objective of the guarantee is to provide urgent support to MSMEs in their business recovery needs and to overcome challenges and disruptions caused by the war. It will address the large working capital and capital expenditure investment gap that MSMEs in Ukraine currently face in their struggle to remain operational, competitive, and rebuild their business processes.<br><br>Expected impact on MSMEs:<br>• Improve the availability and terms of long-term funding for MSMEs by enabling local financial institutions to actively pursue funding to MSMEs, particularly in local currency; and<br>• Increase the overall funding amounts that are lent to MSMEs so that they become more competitive and resilient to face challenges created by the war.<br><br>EIB programme provides guarantees for the underlying debt financing portfolios, both in hard and local currency, granted by financial intermediaries to SMEs, as well as start-ups.<br><br>The guarantee to cover financial intermediaries' losses will be provided by EIB in two different modalities, standard and enhanced. The enhanced modality, with higher coverage, will specifically target: (i) SMEs located in specific geographical |

[2] The signature is subject to have the EFSD+ agreement and the relevant amendment or addendum concluded in line with Art 31.8 of the Ukraine Facility regulation.

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| | areas; or (ii) dedicated to start-ups, women- and/or youth-led businesses. |
| Sectors Covered | Financial Markets, Access to Finance for SMEs |
| Types of instruments | Debt, Guarantee |
| Expected leverage ratio | 1 : 6.25 |
| Risk-sharing structure and alignment of interest between the Commission and the counterpart | EU guarantee in the form of pass through coverage for portfolio of SME loans.<br>The conditions set out in Article 219(4) of Regulation (EU, Euratom) 2018/1046 (as well as in Art. 31 of the Ukraine Facility Regulation) on contributions with own resources by eligible counterparts are met at the level of the portfolio of guarantee agreements the EIB will sign with the EU. |

### 1.7 Better Futures Program – Top up

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| EU budgetary guarantee programme | Ukraine Guarantee |
| Date of Board Opinion | 17 April 2024 |
| Lead FI | IFC |
| Maximum Ukraine Guarantee amount | EUR 350 million |
| Expected total investment to be generated | EUR 1120 million |
| Objectives and expected results | This is a top up of an existing guarantee agreement (signed on 22 December 2023) under EFSD+, the "IFC Better Futures Program".<br><br>This guarantee aims at addressing needs in critical sectors and support Ukraine's reconstruction and recovery in areas such as infrastructure, clean energy, and agribusiness.<br><br>The guarantee aims to achieve the following specific objectives:<br>• Catalyzing private capital investment towards accelerating an inclusive green transition;<br>• Increasing resilience of energy sector, improving energy efficiency, and enable a green and resilient reconstruction of Ukraine through developing the renewable energy sector;<br>• Restoring and improving connectivity within Ukraine, improving resilience of Ukraine's export flows and further integration with the EU, supporting global food security; |

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| | • Strengthening resilience of telecommunications sector;<br>• Supporting recovery and resilience of the agrifood sector, notably value-added agricultural production and export. Supporting construction materials industry. |
| Sectors Covered | Energy; Transport and logistics; Green Transition and Environment; Digital Transformation and Information Technology; Agriculture |
| Types of instruments | Debt |
| Expected leverage ratio | 1 : 3.2 |
| Risk-sharing structure and alignment of interest between the Commission and the counterpart | EU guarantee in the form of a first loss cover on loans provided by EBRD and co-financiers. Alignment of interest ensured, inter alia, by percentage of risk retained by EBRD. |