

ANNEX

to the

Commission Implementing Decision on the Financing of the annual work programme of Pillar III under the Ukraine Facility for 2025 – Part 2

This document constitutes the annual work programme (Part 2) in the sense of Article 110(2) of the Financial Regulation. It contains the action to be financed and the budget breakdown for 2025 as follows:

1. AMOUNT

Total estimated cost: EUR 400 000 000

Total amount of EU budget contribution EUR 400 000 000

2. LEGAL BASIS

Regulation (EU) 2024/792 of the European Parliament and of the Council of 29 February 2024 establishing the Ukraine Facility.

Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union.

3. BUDGET LINE

BGUE-B2024 16.06 03 02 – Borrowing costs subsidy: EUR 400 000 000

4. BENEFICIAR(Y)/(IES) OF THE ACTION

The action will be carried out for the benefit of Ukraine.

5. OBJECTIVES PURSUED

The aim of this decision is to allow the Union to bear the borrowing costs subsidy due by Ukraine in 2025 in relation to the loans disbursed in 2024 under pillar 1 of the Ukraine Facility, including exceptional bridge financing.

The Ukraine Facility makes financial support of up to EUR 50 000 000 000 available to Ukraine for the period 2024-2027 in the form of non-repayable support and loans.

Council Implementing Decision (EU) 2024/1447 sets out the total sum of financial resources made available to the Ukraine Plan ('the Plan'). Due to the provision of exceptional bridge financing of up to EUR 6 000 000 000, the total sum of financial resources made available to the Plan amounts to a maximum of EUR 32 300 000 000, of which up to EUR 27 000 000 000 is in the form of a loan.

Commission Implementing Decision C(2024)1642 approved the Loan Agreement between the European Union and Ukraine on the exceptional bridge financing under the Ukraine Facility.

In accordance with Article 25 of Regulation (EU) 2024/792, Commission Implementing Decision C(2024)1665 authorised the disbursement of the first instalment of the exceptional bridge financing of up to EUR 4 500 000 000 in March 2024. In April 2024, Commission Implementing Decision C(2024)2756 authorised the disbursement of the second instalment of exceptional bridge financing of up to EUR 1 500 000 000.

Commission Implementing Decision C(2024)3990 approved the Loan Agreement between the European Union and Ukraine on the loan support under the Plan of the Ukraine Facility.

In June 2024, the Commission disbursed EUR 1 890 000 000 of pre-financing to Ukraine, representing an advanced disbursement of 7% of the loan support that Ukraine is eligible to receive to support the implementation of the Plan in accordance with Article 24 of Regulation (EU) 2024/792.

Commission Implementing Decision C(2024)5809 authorised the disbursement of the first instalment of the loans to Ukraine under Pillar I of the Ukraine Facility for an amount of EUR 2 665 092 857.

Commission Implementing Decision C(2024)8953 authorised the disbursement of the second instalment of the loans to Ukraine under Pillar I of the Ukraine Facility for an amount of EUR 2 556 428 571.

By derogation from Article 223(4)(e) of Regulation (EU, Euratom) 2024/2509, the Union may bear the cost of funding, cost of liquidity management, and cost of service for administrative overheads related to the borrowing and lending ('borrowing costs subsidy') under the loans to Ukraine. Ukraine has requested the borrowing costs subsidy by the European Union for the Exceptional Bridge Financing Loan Agreement and for the Loan Agreement on 14 March 2024 and on 26 September 2024 respectively.

In accordance with Article 34(5) of Regulation (EU) 2024/792, support under Pillar III of the Ukraine Facility will cover, among other things, the borrowing costs subsidy linked to the loans to Ukraine.

6. METHOD OF IMPLEMENTATION

Direct implementation by the Commission.

The borrowing costs subsidy should be granted as an instrument deemed appropriate to ensure the effectiveness of the support within the meaning of Article 223(1) of Regulation (EU, Euratom) 2024/2509. By derogation from Article 223(4)(e) of Regulation (EU, Euratom) 2024/2509, it should be borne by the Union budget.

All transactions related to the subsidy will be handled by the Commission (DG ENEST and DG BUDG), with no transfer of funds to Ukraine.

7. EXPECTED RESULTS

The timely payment of the cost of funding, cost of liquidity management, and cost of service for administrative overheads related to the borrowing and lending ('borrowing costs subsidy'), on behalf of Ukraine.