



# Financial Inclusion Recovery Programme in Ukraine

## Handbook

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# Overview



**"Financial Inclusion Recovery Programme in Ukraine" (the "Programme")** was launched by the EBRD and the European Commission ("EC") in July 2024 as part of the Ukraine Investment Framework ("UIF"). The Programme aims to facilitate lending to micro-, small-, and medium-sized enterprises ("MSMEs") in Ukraine by reducing credit risks and encouraging local participating financial institutions ("PFIs") to direct new sub-loans to private MSMEs, including those severely affected by the war on Ukraine (at least 25% of all sub-loans under the Programme are expected to benefit vulnerable group of sub-borrowers as per Annex 1).

The Programme enhances the EBRD's capacity to provide unfunded portfolio risk-sharing ("PRS")\* facilities to PFIs in Ukraine, backed by a capped first-loss **EU guarantee covering up to €140 million** of potential EBRD losses on risk-shared sub-loans. Combined with EBRD's own resources, this is expected to support **€850 million in new sub-loans to private MSMEs** in Ukraine by 2026. The Programme covers a wide range of sub-loans, including working capital, investment loans, lease financing, and payment guarantees, with a focus on sectors contributing to Ukraine's food and energy security. PFIs and their MSME sub-borrowers will benefit from **up to 50% EBRD coverage of credit risks**, improving the creditors' lending capacity and affordability of loans for end-borrowers.

The Programme aligns with UIF goals to mobilize private investments for Ukraine's recovery, reconstruction, and modernization, boosting economic growth and long-term prosperity. It addresses the social, economic, and environmental impacts of Russia's war of aggression on Ukraine and promotes social and territorial cohesion, resilience, and Ukraine's integration into European and global markets, advancing towards EU membership.

In addition to the risk sharing under the Programme, MSME sub-borrowers investing in long-term EU-compliant, and largely green sub-projects (including investments in renewable energy generation and energy efficiency) will be eligible for technical assistance and grant support (investment incentives covering from 10% to 30% of the investment costs) under the ["EBRD-EU4Business Credit Line with Incentives"](#) programme (please refer to the separate handbook on this programme for details).

\*As of end-1H2024, the EBRD has provided 25 unfunded PRS facilities (known as "Food Security Guarantees", and "Resilience and Livelihoods Guarantees") to 12 PFIs in Ukraine, supporting €1.2 billion of new sub-loans since 2022. These projects have already enabled over 5,000 new sub-loans to Ukrainian businesses.

# Key Features and Eligibility Criteria

## Key Features:

Size of EU guarantee	€140 million
Target size of covered MSME sub-loan portfolio	€850 million
EBRD risk share	up to 50% of individual sub-loan
Guarantee tenor	up to 5 years from the sub-loan origination/inclusion in the covered portfolio
Timeline to sign and include sub-loans in the covered portfolio	until June 2026

## Main Eligibility Criteria:

Type	Eligibility Criteria
Programme level requirements for PFIs	<ul style="list-style-type: none"> <li>✓ at least <b>25% of all sub-loans shall be allocated to the vulnerable group of sub-borrowers</b> (as defined in Annex 2)</li> <li>✓ no more than 30% of covered sub-loans shall have a contractual tenor of less than 24 months</li> </ul>
Requirements for sub-borrowers	<ul style="list-style-type: none"> <li>✓ at least <b>80% of all covered sub-loans shall be provided to micro-, small, or medium sized enterprise (“MSME”)</b>, whereas the remaining 20% of sub-loans can be extended to sub-borrowers that qualify (other than in respect of the number of employees) as an MSME: <ul style="list-style-type: none"> <li>○ MSME are defined private entrepreneurs and companies with fewer than 250 employees; an annual turnover of less than €50 million or total assets of less than €43 million; see detailed criteria at: <a href="http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en">http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en</a></li> </ul> </li> <li>✓ must be registered and operating primarily in Ukraine</li> <li>✓ must have good credit history and meet the usual financing appraisal criteria of a PFI</li> <li>✓ must comply with all applicable national environmental, social and health and safety legislation of Ukraine the EBRD’s Environmental and Social Policy</li> <li>✓ shall not be sanctioned and shall not use the sub-loan for financing activities that are restricted by EBRD (see Annex 2)</li> </ul>
Maximum sub-loan amount	The maximum aggregate principal amount of all sub-loans that can be made available by a PFI to each sub-borrower (or a group of related sub-borrowers under common ownership and/or control) under the Programme shall not exceed the equivalent of <b>€5,000,000</b> , disbursed in one or several sub-loans.

# Application Process

## For PFIs:

- **How to access EBRD funding:** Working with the EBRD
- **EBRD work with Financial Institutions:** Financial Institutions
- **Detailed information on the Bank's project cycle:** How EBRD projects are financed

## For Potential MSME Sub-Borrowers:

1. **Check Eligibility and Prepare Documentation** – Ensure your business meets the Programme eligibility criteria and gather relevant confirming documents, latest financial statements and details of a sub-project to be financed.
2. **Contact a PFI** – Approach a PFI implementing EBRD portfolio risk-sharing facility and discuss financing needs and eligibility.
3. **Submit Loan Application** – Submit a sub-loan application, including sub-project specifics and any supporting information, as required by the PFI.
4. **Sub-Loan Assessment and Approval** – The PFI assesses the application and conducts due diligence. If approved, the sub-loan is structured with EBRD's risk-sharing support.
5. **Receive Financing and Implement Sub-Project** – Upon approval, receive the sub-loan, implement the financed sub-project, and comply with reporting and repayment requirements in the sub-loan agreement (including EU-EBRD related requirements under the Programme).

# List of PFIs

PFIs expected to receive EBRD risk sharing limits under the Financial Inclusion Recovery Programme in 2024:



PFIs that are implementing EBRD portfolio risk sharing facilities in Ukraine and can join the Financial Inclusion Recovery Programme in future:



# Contact List

Contact details of PFIs implementing EBRD portfolio risk sharing facilities:

<https://www.ebrd.com/work-with-us/financial-products-for-Ukrainian-SMEs.html>

# Annex 1 (1/2): Vulnerable Groups of Sub-Borrowers

Under the EBRD intermediated finance programmes in Ukraine, within the EU supported Ukraine Investment Framework (“UIF”) and related initiatives, the vulnerable group of sub-borrowers includes: **MSMEs that are vulnerable persons, majority-owned by such vulnerable persons, employ vulnerable persons constituting at least 10% of their permanent staff, or operate a business assisting vulnerable persons** where these individuals make up more than 10% of sub-borrower’s clients or revenue.

#	Vulnerable Persons Category	Definition
1	<p><b>Sub-borrowers that suffered asset destruction and/or losses due to the war on Ukraine</b></p> <p><i>*including sub-borrowers ERW</i></p>	<p>Sub-borrowers that suffered destruction and/or losses of assets due to Russia’s war of aggression, provided that the value of war-related losses or damages equals or exceeds 15% of the eligible sub-loan(s) to such sub-borrower provided under the programme.</p>
2	<p><b>War Veterans and their Family Members</b></p> <p><i>*including sub-borrowers under VRW</i></p>	<p><b>"War Veteran"</b> has the meaning given to that term in the law “on the Status of War Veterans, Guarantees of their Social Protection”, provided the war veteran would have been eligible for such status based on his/her actions defending Ukraine or disabilities as a result of the war occurred from 2014 onwards; and excluding the “veterans of labour” category that is envisaged under this law when it was originally adopted in 1993.</p> <p><b>"Family Member"</b> (of a War Veteran) means a spouse, son/daughter, and/or parents.</p>
3	<p><b>Internally Displaced Person ("IDP") or Returnee</b></p>	<p><b>"Internally Displaced Person"</b> or <b>"IDP"</b> has the meaning given to that term in the law “on Ensuring the Rights and Freedoms of Internally Displaced Persons” where “IDP” is defined as a citizen of Ukraine, a foreigner or a stateless person who is legally present on the territory of Ukraine and has the right for the permanent residence in Ukraine, who was forced to leave or abandon his/her/their place of residence as a result of or in order to avoid the negative consequences of the armed conflict, temporary occupation, widespread violence, human rights violations and natural or man-made emergencies.</p> <p><b>"Returnee"</b> has the meaning given to that term in the law “on Ensuring the Rights and Freedoms of Internally Displaced Persons”, where “Returnee” is identified as an individual who was previously an IDP and has voluntarily returned to his/her/their place of habitual residence after the situation that caused their displacement has improved or resolved.</p>
4	<p><b>Persons with Disability</b></p>	<p><b>"Disability"</b> means long-term physical, mental, intellectual, or sensory impairment which in interaction with various barriers may hinder a person’s full and effective participation in society on an equal basis with others .</p>



# Annex 1 (2/2): Vulnerable Groups of Sub-Borrowers

#	Vulnerable Persons Category	Definition
5	Sub-borrowers from the War Affected Territories	<p>An MSME that has relocated substantially all of its business operations from a War Affected Territory or operates in a War Affected Territory of Ukraine.</p> <p><b>"War Affected Territories"</b> means, at any relevant time, any territories of Ukraine that have most suffered from the Russia's war of aggression, comprising basic administrative units of Ukraine (communities, or "terytorialna hromada") in which military operations are (were) conducted or territories temporarily occupied by the Russian Federation, as identified by the government of Ukraine in line with Resolution #1364 dated 6 December 2022 on "Some Issues of Formation of the List of Territories in which Military Operations are (were) Conducted or Temporarily Occupied by the Russian Federation" and listed in the Order No. 309 dated 22 December 2022 "On Approval of the List of Territories in which Military Operations are Conducted (Were Conducted) or Temporarily Occupied by the Russian Federation" or other official Ukrainian government sources listing such war affected territories that may replace the mentioned documents in the future.</p>
6	Women-led MSMEs	<p><b>"Undertaking Led by a Woman"</b> means a company, enterprise, firm, business, sole proprietor, or other legal entity where:</p> <p>(a) either:</p> <ul style="list-style-type: none"> <li>(i) the Overall Operational Management Responsibility* is held by a woman (or women); or</li> <li>(ii) the percentage of the entity's shares (if applicable) that are directly owned, by vote and/or value, by a woman or women, is greater than 51%; or</li> </ul> <p>(b) the entity satisfies the criteria for a "women-led" or "women-owned" business prescribed by the law or regulations of Ukraine or published by the Ukrainian local authority.</p>
7	Youth-led MSMEs	<p><b>"Undertaking Led by a Youth"</b> means a company, enterprise, firm, business, sole proprietor, or other legal entity where:</p> <p>(a) the Overall Operational Management Responsibility* for which is held by a person (or persons) under the age of 35; or</p> <p>(b) the percentage of the entity's shares (if applicable) owned by person(s) under the age of 35 own(s) is over 50%.</p>

\*"Overall Operational Management Responsibility" means, in relation to an individual/natural person and an enterprise, that individual/natural person holding the highest executive role at the enterprise (which will generally be the Chief Executive Officer, Director, General Manager or Managing Director, or an equivalent position).

# Annex 2: Restrictions

- A sub-borrower must not be a person or entity that is sanctioned or included on EBRD's list of persons or entities ineligible to be awarded an EBRD-financed contract or for EBRD funding (<https://www.ebrd.com/ineligible-entities.html>) and/or listed on database of all legal and natural persons excluded from EU funding set up by the European Commission under EDES database ([https://ec.europa.eu/info/strategy/eu-budget/how-it-works/annual-lifecycle/implementation/anti-fraud-measures/edes/database\\_en](https://ec.europa.eu/info/strategy/eu-budget/how-it-works/annual-lifecycle/implementation/anti-fraud-measures/edes/database_en))
- A sub-loan shall not be made any person or entity for the purpose of financing any of the following:
  - production and/or trade of military equipment
  - financial institutions or financial services companies
  - insurance business
  - production or export of tobacco or hard liquor
  - sale of tobacco or hard liquor (other than where the sale of tobacco or hard liquor is ancillary to the entity's primary business activity)
  - casinos or other gambling facilities;
  - speculative investments in property or currencies or any other speculative investment activities
  - investments in securities of any kind, including investments in share capital of other companies
  - technologies specifically used for activities in oil and gas production, processing (including refining), transport (transmission and distribution), storage and utilisation to generate electricity (other than for own consumption)
  - technologies specifically used for the combustion, transportation or extraction of carbon-intensive fossil fuels such as coal, heating oil or oil shale
  - any activities appearing on the EBRD Environmental and Social Exclusion List as outlined in Appendix 1 of the applicable EBRD Environmental and Social Policy
  - without the prior written consent of EBRD, any activities appearing on EBRD's Category A list of projects as outlined in Appendix 2 of the applicable EBRD Environmental and Social Policy, provided that the financing of such sub-projects will be required to meet EBRD Performance Requirements 1 to 8 and 10
  - production of single-use plastic products for consumer applications (not for medical purposes)
  - non-renewable fuel-powered boilers, gas infrastructure and equipment