



# Energy, Transport, Construction Investment Support Bank Gospodarstwa Krajowego

## UKRAINE INVESTMENT FRAMEWORK

### Steering Board Meeting

*Brussels, 7 March 2025*

# Energy, Transport, Construction Investment Support

## Description of the proposal

### Market Failure(s) and Proposed Solution

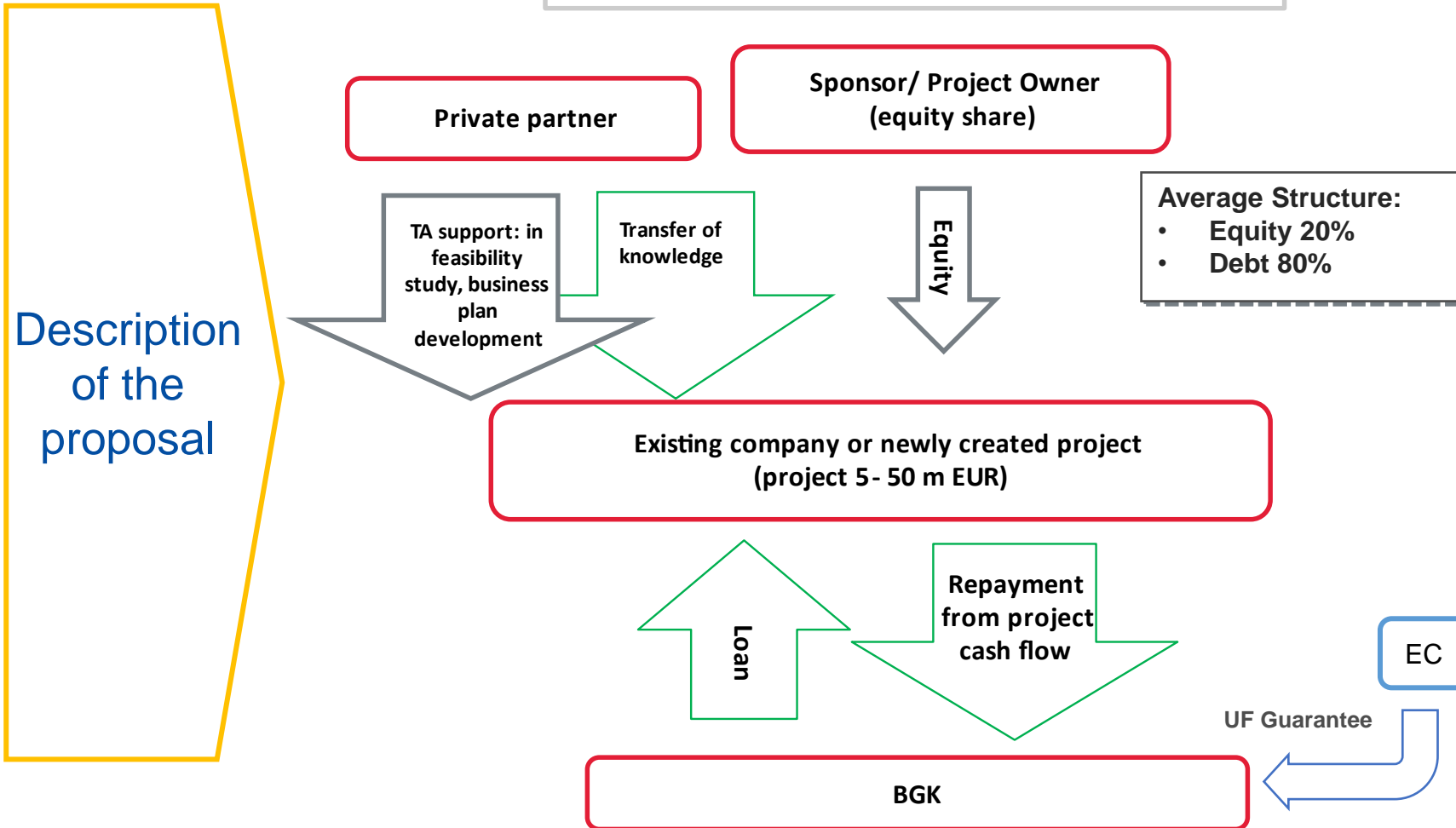
- Proposed PIP aims to support private, commercial investments in key sector - energy, transport, construction - suffering because of Russia's full-scale invasion through BGKs loans on attractive terms (pricing, tenors, risk-cover).
- Addressed market failure is lack of available debt instruments for private sector investors in Ukraine. Proposal fills the market gap identified inter alia by KSE on financing medium size investment projects (above 5 m EUR) as well as unavailable long term Capex financing.

### Additionality

- Provision of lacking instrument to mobilize private firms and CAPEX investments – especially given the scarcity of insurance instruments (both in relation to political risks/incl. war and material risks)
- Increased energy production, diversification and sustainability while reducing GHG emissions (up to 30% contribution under UIF climate mitigation)
- Involvement of EU business to facilitate technological and EU standards transfer

# Energy, Transport, Construction Investment Support

## Example of PIP implementation scheme



## Financial and Risk structure

Graph

## EU Support Requested

- 175 m EUR guarantee
- 8.75 m EUR TA (5%)

## Mobilization

- 194 m EUR BGK loans (90% EU cover)
- ~ 243 m EUR projects
- 23.3 m EUR additional grant

# Energy, Transport, Construction Investment Support

## Points of Agreement

**Green target:** at least 30%. Contribution to be tracked in the monitoring reports according to the guidance provided in the UIF call Guidance Note.

### Standard clauses

- **Ramp-up:** 3 years total, with 40% implementation (i.e. inclusion notice for guarantees) in 1 year.
- **Technical Assistance:** 5% - the actual amount, scope and details negotiated at contracting stage.
- **ReMF:** The Guarantee Agreement shall be fully aligned with UIF Result Measurement Framework .
- **Pipeline in PART II of UIF Application Form:** the list of projects included in the pipeline in PART II of the UIF Application Form is **non-binding on COM**. Approval of the underlying UIF operation should not be seen as an approval by COM of the pipeline/individual projects.
- **Contractual clauses** shall be included to ensure compliance with DN(S)H, Art 11, minimum capex requirements under UIF (80% at portfolio level) and more stemming from the UF Regulation.
- **Level of fees** will need to be justified and capped by applicable rules.
- **Risk and remuneration parameters** (including among others pricing, level of risk coverage, SITG) will be negotiated at the contracting stage. The Guarantee Agreement shall be fully aligned with the applicable Risk Management Framework. EU coverage cannot exceed 90%.



# Support for Municipal Investments in Ukraine Bank Gospodarstwa Krajowego

UKRAINE INVESTMENT FRAMEWORK

Steering Board Meeting

*Brussels, 7 March 2025*

# Support for Municipal Investments in Ukraine

## Market Failure(s) and Proposed Solution

- Addressed market failure is the gap of available debt instruments to medium-sized municipalities after legislative changes introduced in 2023 allowing to carry out local borrowing to rural and settlement territorial hromadas. For many municipalities, there are still obstacles to secure any debt financing, mainly due to short scope of budget planning, lack of financial capabilities and slow adaptation to the decentralization reform.
- Proposed solution is provision of portfolio guarantee to the local banks to mobilize financing for municipalities, accompanied with TA to prepare business plans and feasibility studies to develop bankable investment projects in municipal utility sector and investment grant component to support budgets of projects, monitoring and implementation in small municipalities / located in red zones / with high numbers of IDPs

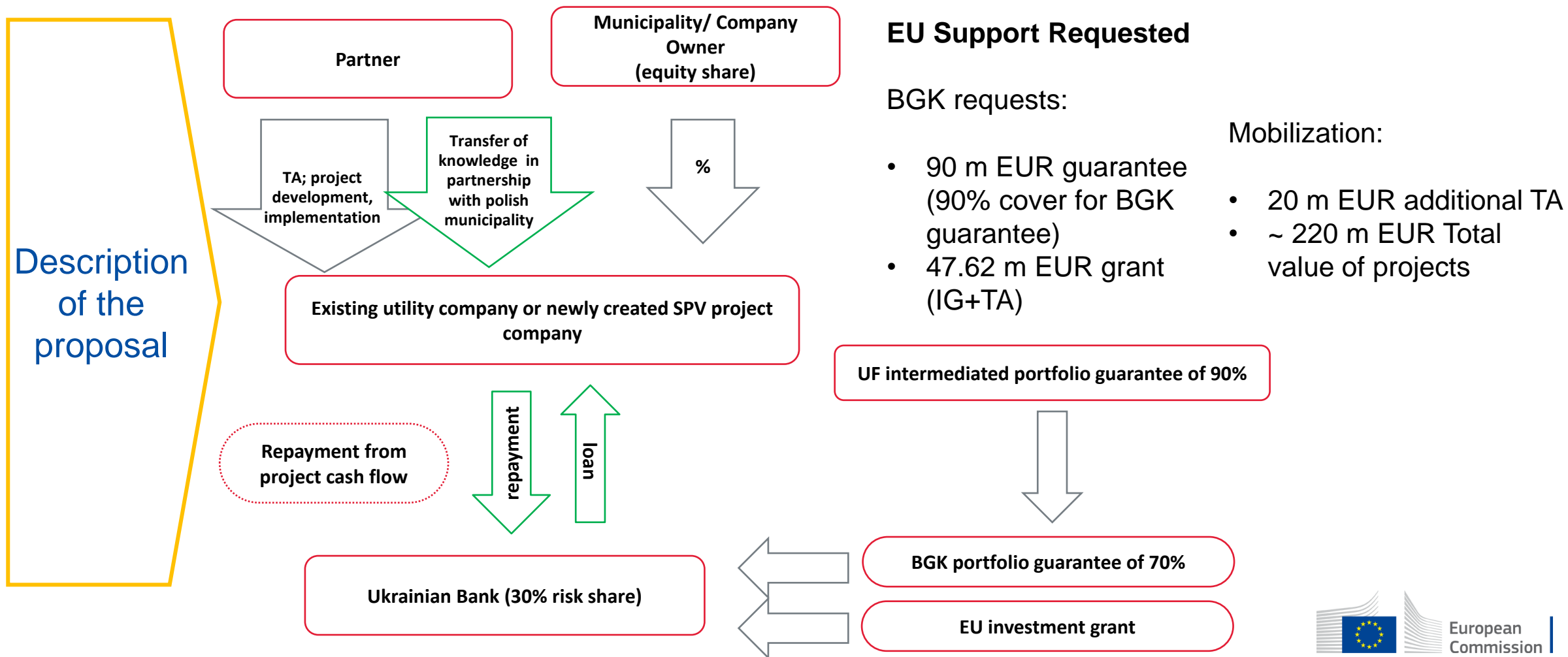
## Additionality

- Creating possibility of long term (up to 18 years) municipal investment financing, including for the first time (only 74 hromadas out of total number of 1465 were financed with external debt)
- Facilitating development of war-affected and underserved territories as well as improving the quality of services provided to the local community
- Contribution to closing the gap between financial capabilities of central and peripheral municipalities

Description  
of the  
proposal

# Support for Municipal Investments in Ukraine

The final receiver of a loan can be municipality directly or a utility company / SPV with equity share provided by municipality / company owner.



# Support for Municipal Investments in Ukraine

## Points of Agreement

- **Eligibility criteria and pipeline of projects:** to be presented and agreed with NEAR
- **Grants usage:** Grants will be exclusively allocated for CAPEX (ADDRESSED)
- **Grant distribution methodology and conditions:** (ADDRESSED)
  - *Max grant intensity to be correlated with small size of municipality and proximity to red zones*
  - *Grants **below EUR 500,000** may be disbursed with BGK's no-objection, grants **between EUR 500,000 and EUR 5 million** require NEAR's agreement, and the maximum grant size will be **EUR 5 million**.*
- **Green target:** will be at least 30%. (ADDRESSED)
- **No sovereign guarantee to be requested by BGK or the intermediary banks.** (ADDRESSED)
- **Capacity Building:** TA Grant support is to cover project implementation (incl. procurement, project management, capacities, and environmental & social monitoring, as well as support to reporting). The exact scope and details of the TA will be negotiated at contracting stage. (ADDRESSED)
- **Standard clauses:**
  - Ramp-up
  - ReMF
  - Procurement
  - Risk and remuneration
  - Governance/coordination
  - Contractual clauses
  - Level of fees





HOME: Compensation for Destroyed Residential Properties -  
Technical Assistance for Project Implementation

Council of Europe Development Bank

**UKRAINE INVESTMENT FRAMEWORK**

**Steering Board Meeting**

*Brussels, 07 March 2025*

# HOME: Compensation for Destroyed Residential Properties

## Description of the proposal

- 3<sup>rd</sup> review of the Rapid Damage and Needs Assessment (RDNA3): housing is the most affected sector by Russia's full-scale invasion (damage - USD 56 bn; needs - USD 80 bn/about USD 8 bn/year, if a 10-year period).
- IOM's August 2024 report on Internal Displacement: 3.7 m. people.
- Ukraine Government: Wide range of responses - immediate housing solutions and compensation for the owners of destroyed and damaged property, to housing sector reforms.
- HOME finances the destroyed housing component (100% of costs), with EUR 100m in lending [fully disbursed as of end-November 2024] and a further additional amount EUR 100m will be submitted for approval in January 2025. Mechanism set by Law 2923-IX and associated by-laws.
- The compensation mechanism allows for:
  1. Purchase of already existing housing
  2. Construction (reconstruction) of a private house
- First component - fully operational since end 2023; the second component – applications submitted for review since January 2024.

# HOME: Compensation for Destroyed Residential Properties

## Description of the proposal

- Key counterparties: Ministry of Finance; Ministry for Communities and Territories Development. Nine-person Project Management Unit; certification work by 468 commissions.
- The proposal: EUR 10 million in TA to support a EUR 200 million Project, with a focus on:
  - a) Work undertaken by the dedicated commissions involved in the implementation of the compensation mechanism and the technical expertise required to support beneficiaries access their legal rights: EUR 2m/18 months
  - b) Operationalisation of the second component focused on the construction of housing units: EUR 8m/30 months
- Deliverables/outputs (examples):
  - Under a): handbook; training and hands-on assistance to end-beneficiaries; centralized hotline; improvement recommendations; digital databases, a.o.
  - Under b): legal proposals associated with the operationalization of the scheme; model designs for different housing modalities in line with 'build back better principles' and New European Bauhaus Investment Guidelines; training and hands-on assistance to end-beneficiaries, a.o.
- Pending results achieved with component (b), the Project could be further increased by another EUR 300 million.

# HOME: Compensation for Destroyed Residential Properties

## Description of the proposal

### Policy alignment:

- Ukraine Facility general objective: addresses the social and economic consequences of Russia's war of aggression; contributing to the country's recovery, reconstruction and modernization.
- Ukraine Facility specific objectives: addresses social and health challenges [...] in particular for specific vulnerable groups.
- Principles of complementarity, coherence, efficiency, and Ukraine's ownership of the proposed programme, as defined in Art 4 of the Ukraine Facility.
- Helps meet the "Human Capital" objectives of the Ukraine Plan ("to halt human capital erosion")
- Will help progress with Chapter 23 – Judiciary and fundamental rights, as defined in the Enlargement Report 2024, in particular as far as IDPs rights to housing and social benefits are concerned.
- UIF Strategic Orientations: "initiatives that will increase the housing supply for all – including the most vulnerable segments of the population [...]"; "accelerating investments related to transformation of building materials and modular production processes."
- UIF horizontal principles: leave no one behind; no significant harm on the environment.

# HOME: Compensation for Destroyed Residential Properties

## Description of the proposal

If approved, the TA will:

- Ensure the financial resources required to improve the compensation mechanism with a focus on outreach/equity and sustainability, including by operationalizing the component focused on new construction
- A well-crafted compensation mechanism can significantly address socio-economic disparities & contribute to durable housing solutions for about 9,000 displaced persons and returnees. Pathway toward healing, resilience, and community restoration.
- Revitalise housing infrastructure and stimulate local economies; catalyse community resilience and economic recovery.
- Help to reflect EE and wider sustainability/green standards (second component)
- Estimated timeline for TA services mobilisation: Q3 2025 – Q4 2027.

# HOME: Compensation for Destroyed Residential Properties

## Points for agreement

### Specific clauses:

- CEB to share a work plan with milestones for the deployment of this TA to be agreed with DG NEAR and EU DEL before initiating the drafting of the Description of Action for this contribution and the following negotiations of the contribution agreement with the EU DEL.
- CEB to ensure that the TA is used to increase the green dimension of the programme.

### Standard clauses:

- Contractual clauses: ensure compliance with DNSH, Art 11 and more generally obligations stemming from the Ukraine Facility Regulation.
- ReMF: The contribution agreement shall be fully aligned with UIF Result Measurement Framework, including possible amendments deriving from technical discussions between the Commission and Implementing Partner. ReMF indicators to be discussed in detail at contracting stage.
- Level of fees will need to be justified and capped by applicable rules



# EBRD – Energy Sector Emergency Support

UKRAINE INVESTMENT FRAMEWORK

Steering Board

*Brussels, 7 March 2025*

# EBRD Energy Sector Emergency Support Overview



European Bank  
for Reconstruction and Development

RLF – UZ Energy Project (the “Project”) is expected to comprise a sovereign guaranteed EBRD loan of up to EUR 180 million to the JSC “Ukrainian Railways” to finance its emergency capex. The EBRD loan is proposed to be co-financed by an up to EUR 44m investment grant from the EU under the Ukraine Investment Framework. The Project will finance the acquisition and the installation of up to 270 MW gas-fired generation capacity (small-scale with individual units of up to 5MW) at selected existing UZ’s sites across Ukraine, helping to address the electricity deficit around those locations and to ensure uninterrupted energy supply to the population and businesses.

The EBRD is proposing that the EC considers making available:

## EUR 44m in grant co-financing, including:

- EUR 41m to co-finance the design and civil works component (including protective measures for assets), and
- EUR 3m to support human capital recovery

### Rationale – market failures and proposed solution (CAPEX)

- Ukraine’s energy system has been under **regular attack** since the start of the full-fledged war in 2022.
- These attacks have directly impacted Ukrainian households and businesses, causing frequent rolling blackouts that disrupted the lives of millions during the summer months of 2024. During these months Ukraine experienced a power deficit as generation capacity fell more than 2 GW below peak demand of 12 GW.
- The country now operates at about **one-third** of its pre-war capacity. This precarious situation is expected to worsen, with a worst-case scenario projection of a 6 GW supply deficit.

### Human capital recovery component

- UZ faces such challenges acutely as the single biggest civilian employer in Ukraine, encompassing c.200,000 staff members, in total, of whom c.10,000 are currently mobilised within Ukraine’s Armed Forces.
- The proposed component directly seeks to unlock sustainable new business practices safeguarding the wellbeing and productivity of UZ staff through establishment of a new veterans’ rehabilitation centre and funding improvements to UZ’s existing network of field hospitals.



# EBRD Energy Sector Emergency Support

## Proposed grant co-financing allocation



European Bank  
for Reconstruction and Development

- **Recipient: Ukraine Railways (UZ), national rail transport operator**
- Total project cost: €248m
- EBRD loan: €180m (approved by the Bank in Dec 2024)
- Grant needs: €68m (out of which €24m are covered by the UK contribution)
- The emergency capex program covering supply and installation of up to 270 MW of small scale power generation capacity to address the electricity deficit and to ensure uninterrupted energy supply to the population and businesses.
- The EBRD loan is secured by a sovereign guarantee.
- Timeline: Approved by the EBRD Board and signed in December 2024, for the 2025/2026 heating season.
- The design and civil works component amounts to approximately EUR 48.9 million, net of VAT (indicative amount, subject to tender outcome)

### Advantages of UZ as the project Sponsor:

- One of the 7 largest energy distribution companies of Ukraine, with electric networks and high-voltage substations spread over the entire territory of Ukraine
- The selected sites already have access to gas and power grid connections



# EBRD Energy Sector Emergency Support

## Responses to EC questions prior to the TAM



European Bank  
for Reconstruction and Development

EC feedback	EBRD answers
<b>Budgetary guarantees instead of grant funds</b>	<ul style="list-style-type: none"> <li>The grant component cannot be substituted by a budgetary guarantee due to a time-sensitive nature of the Project and limited debt-taking capacity of the Client. Introducing a UIF budgetary guarantee to the structure would affect the implementation schedule due to the need to reassess the Project's financing structure, and obtain renewed approvals from the Client and Ukrainian authorities. In turn, it would mean no generation capacity is installed before the start of the 2025/2026 winter season, when it will be most needed.</li> </ul>
<b>Additionality</b>	<ul style="list-style-type: none"> <li><b>Limited company &amp; sovereign debt-taking capacity:</b> The company is already close to its maximum leverage level, and the country's state budget has limited capacity to provide new sovereign guarantees. The grant mitigates these risks by lowering the upfront financial burden and plays an indispensable role in bridging the financial viability gap for a project that would otherwise not be feasible.</li> <li><b>Operational additionality:</b> The EU grant enables the deployment of small-scale natural gas power generation systems that provide on-demand power during peak periods, preventing blackouts and ensuring reliable electricity for critical infrastructure. Peak demand systems also offer rapid response capabilities, improving grid stability in a country where centralized energy infrastructure has been heavily damaged by conflict.</li> <li><b>Enhanced project scope:</b> Without the grant the project will be scaled down to lower capacity and/ or delayed. The project scope and total capacity (including grant needs) were pre-approved by the Ukrainian authorities.</li> </ul>
<b>Timeline for project implementation</b>	<ul style="list-style-type: none"> <li>Delivery of equipment will be <b>substantially completed</b> in 2025. <b>35%-40%</b> of the generation capacity to be installed by the end of 2025, the rest in 1H 2026.</li> <li>The client in coordination with the Bank will accelerate the procurement procedures to the full extent possible, to shorten the project implementation timeline. &gt;50% of the UIF contribution will be disbursed within 12 months from signature of the agreement.</li> </ul>
<b>Procurement / Article 11 of the Ukraine Facility</b>	<ul style="list-style-type: none"> <li>All procurement is expected to be conducted in accordance with the EBRD Procurement Policies and Rules (PPR). The application of Article 11 conditions in the context of this specific project, as well as the associated PPR requirements, is currently under discussion between the EBRD and the EC.</li> </ul>

# EBRD Energy Sector Emergency Support

## Thank you and contacts



**European Bank**  
for Reconstruction and Development

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# Ukraine-Slovakia Energy Security and Grid Stability Investment Programme

EXIMBANKA SR & Slovak Agency for International  
Development Cooperation

## UKRAINE INVESTMENT FRAMEWORK

UIF Board Meeting

*Brussels, 07 March 2025*

# Ukraine-Slovakia Energy Security and Grid Stability Investment Programme

Description of  
the proposal

## **Main Priorities of the Proposal:**

- strengthening energy resilience of Ukraine
- addressing critical needs in energy infrastructure
- supporting integration of Ukraine into European energy markets

# Ukraine-Slovakia Energy Security and Grid Stability Investment Programme

Description of  
the proposal

## Key Elements of the Proposal:

### 1. Energy Security and Transition

- projects essential to **stabilize electricity grid** and improve the reliability of energy supply, especially during peak demand and emergencies.
- **reducing reliance on outdated power sources** and help Ukraine transition toward energy independence (aligned with its Energy Strategy 2050)
- **addressing bottlenecks in the national grid**, enabling the efficient transfer of power and increasing grid resilience

### 2. Infrastructure Modernization for Sustainable Development

- **modernize** key energy infrastructure systems,
- ensuring compliance with modern **environmental and safety standards**,
- improving **operational reliability** and enhancing **long-term sustainability**

# Ukraine-Slovakia Energy Security and Grid Stability Investment Programme

## Description of the proposal

### Project Selection:

- projects selected from the **Single Project Pipeline**
- projects which **no indication of available financing**
- projects already moved **beyond the idea stage**, into the concept materials / feasibility study stage, and whose implementation has not begun yet
- **smaller scale but critical projects** complementing larger scale interventions of other Fis
- selection of projects **confirmed by Ukrainian side** following the consultations between Slovak and Ukrainian governments, the Ministry of Economy of Ukraine and both SOEs

# Ukraine-Slovakia Energy Security and Grid Stability Investment Programme

Description of  
the proposal



## Projects:

### UKRENERGO

1. Reconstruction of the **400 kV Mukacheve substation** with the introduction of an automated process management system
2. Construction of the **400 kV Uzhhorod substation** with measures of the **400 kV Mukacheve – Kapushany substation**
3. New construction of the **330 kV Kvartsit - Pershotravneva transmission line** with the reconstruction of the **330 kV Kvartsit substation** and the **330 kV Pershotravneva substation**

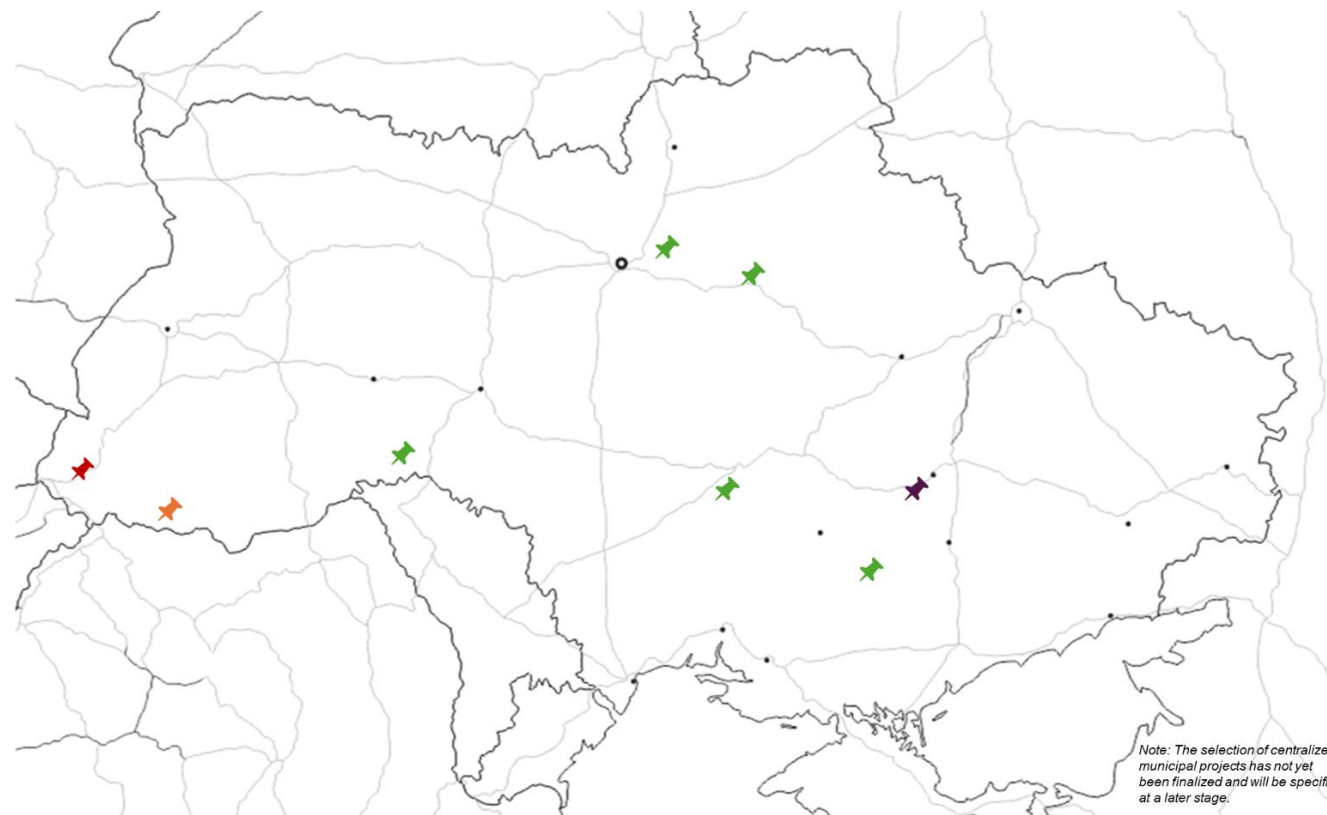
### UKRHYDROENERGO

4. Project "**Pilot project of HPP green island with ancillary services**"



# Ukraine-Slovakia Energy Security and Grid Stability Investment Programme

## Description of the proposal



✦ New construction of the 330 kV Kvarstiv - Pershotravneva transmission line with the reconstruction of the 330 kV Kvarstiv substation and the 330 kV Pershotravneva substation, Kirovohrad and Dnipropetrovsk regions

✦ Project "Pilot project of HPP green island with ancillary services (Dnieper Hydroelectric Station, Dniester Hydroelectric Power Plant, Dniester Hydro-Accumulating Power Station, Middle Dnieper Hydroelectric Power Plant, Kyiv Hydroelectric Power Plant, Kaniv Hydroelectric Station, Kremenchuk Hydroelectric Station, Kyiv Pumped Storage Power Plant, Kaniv Pumped Storage Power Station,

✦ Reconstruction of the 400 kV Mukacheve substation with the introduction of an automated process management system (ASKTP)

✦ Construction of the 400 kV Uzhhorod substation with measures of the 400 kV Mukacheve – Kapushany substation

# Ukraine-Slovakia Energy Security and Grid Stability Investment Programme

## Alignment with Strategic Objectives:

### Ukraine Facility Objectives and Principles

- directly addressing energy resilience and providing job opportunities fully aligning with the Ukraine Facility Regulation's focus on recovery and sustainable development (Art. 3 & 4).

### Ukraine Plan

- response to the Ukraine Plan's priority of rebuilding essential infrastructure, modernizing outdated energy systems, improving efficiency and security, reducing import dependence

### RDNA 3 (Recovery and Development Needs Assessment)

- projects identified in RDNA 3 not only meeting current demands but ensures future resilience and environmental protection goals

### Enlargement Report

- contributions to a more efficient and sustainable energy grid align with EU integration priorities & supporting efforts to meet EU membership requirements (energy sector reform)

### EU Horizontal Policies

- PIP as a whole is planned to contribute indirectly to Ukraine's broader climate goals to reduce GHG emissions by 55% by 2030, EU's Green Deal and RED II; incorporating ENTSO-E codes to ensure connectivity and compliance in line with the EIA Directive.

Description of  
the proposal

# Ukraine-Slovakia Energy Security and Grid Stability Investment Programme

## Description of the proposal

### **Additionality:**

- **EU - Ukraine grid integration & addressing regulatory gaps** through policy dialogue.
- **Offsetting resilience costs for SOEs** and mitigating unviable project risks.
- **Addressing capacity gaps** with technical assistance to ensure timely delivery.
- **Piloting decentralized green energy** under war conditions.
- Combining immediate relief with **long-term renewable energy and ecosystem restoration.**
- **Reducing GHG emissions** through piloting low-carbon methods and biodiversity offsets.
- **Aligning with EU standards** for procurement, technology, and sustainability.

# Ukraine-Slovakia Energy Security and Grid Stability Investment Programme

Total PIP Size: **€ 101,04 mil.**

Description of  
the proposal

€ 69,5 mil.  
UIF Guarantee



**EXIMBANKA SR**  
€ 77,2 mil.  
Loan



€18,8 mil.  
UIF Investment Grant



SLOVAK AGENCY  
FOR INTERNATIONAL  
DEVELOPMENT COOPERATION



€ 4,4 mil.  
UIF Technical Assistance Grant



SLOVAK AGENCY  
FOR INTERNATIONAL  
DEVELOPMENT COOPERATION



**УКРЕНЕРГО**  
Національна енергетична компанія



**Ukrhydroenergo**



European  
Commission

# Ukraine-Slovakia Energy Security and Grid Stability Investment Programme

Reactions to  
comments  
by the EC

## Points of Agreement with the Commission – specific clauses:

- **Loan amount to be guaranteed EUR 77.2 million with EUR 69.5 million UIF guarantee.**
- **Investment grant EUR 18.8 million**
  - comprising maximum of 20% of the total project cost,
  - individual grant allocations submitted to the Commission for no objection.
- **Green target at least 10%** of the Proposal.
- **No sovereign guarantees** for loans to State Owned Entities.
- Setting up **governance and coordination bodies** for the implementation of the Operations.

# Ukraine-Slovakia Energy Security and Grid Stability Investment Programme

Reactions to  
comments  
by the EC

## Points of Agreement with the Commission – standard clauses 1/2:

- **Ramp up: total of 3 years, with 40% implementation after 1 year.**
- **ReMF:** the guarantee and contribution agreements **shall be fully aligned with UIF Result Measurement Framework.** ReMF indicators to be discussed in detail at the contracting stage.
- **Maximum TA does not exceed 5% of signed (guarantee and grant) amount:**
  - the exact scope and details of the TA will be negotiated at the contracting stage.
  - TA also to cover support to project implementation, procurement, environmental and social monitoring and reporting.

# Ukraine-Slovakia Energy Security and Grid Stability Investment Programme

Reactions to  
comments  
by the EC

## Points of Agreement with the Commission – standard clauses 2/2:

- **Contractual clauses** shall be included to ensure compliance with DNSH, Art 11, minimum capex requirement under UIF (80% at portfolio level).
- **Procurement:** under the operation to be carried out in line with rules acceptable to the EC.
- **Risk and remuneration parameters (including among others pricing, level of risk coverage, SITG)** will be negotiated at the contracting stage.
- **Level of fees** will need to be justified and capped by existing rules.



# Ukraine Recovery Guarantee Národní rozvojová banka (NRB)

UKRAINE INVESTMENT FRAMEWORK

Steering Board

*Brussels, 7 March 2025*



# Ukraine Recovery Guarantee

## Market Failure and Proposed Solution

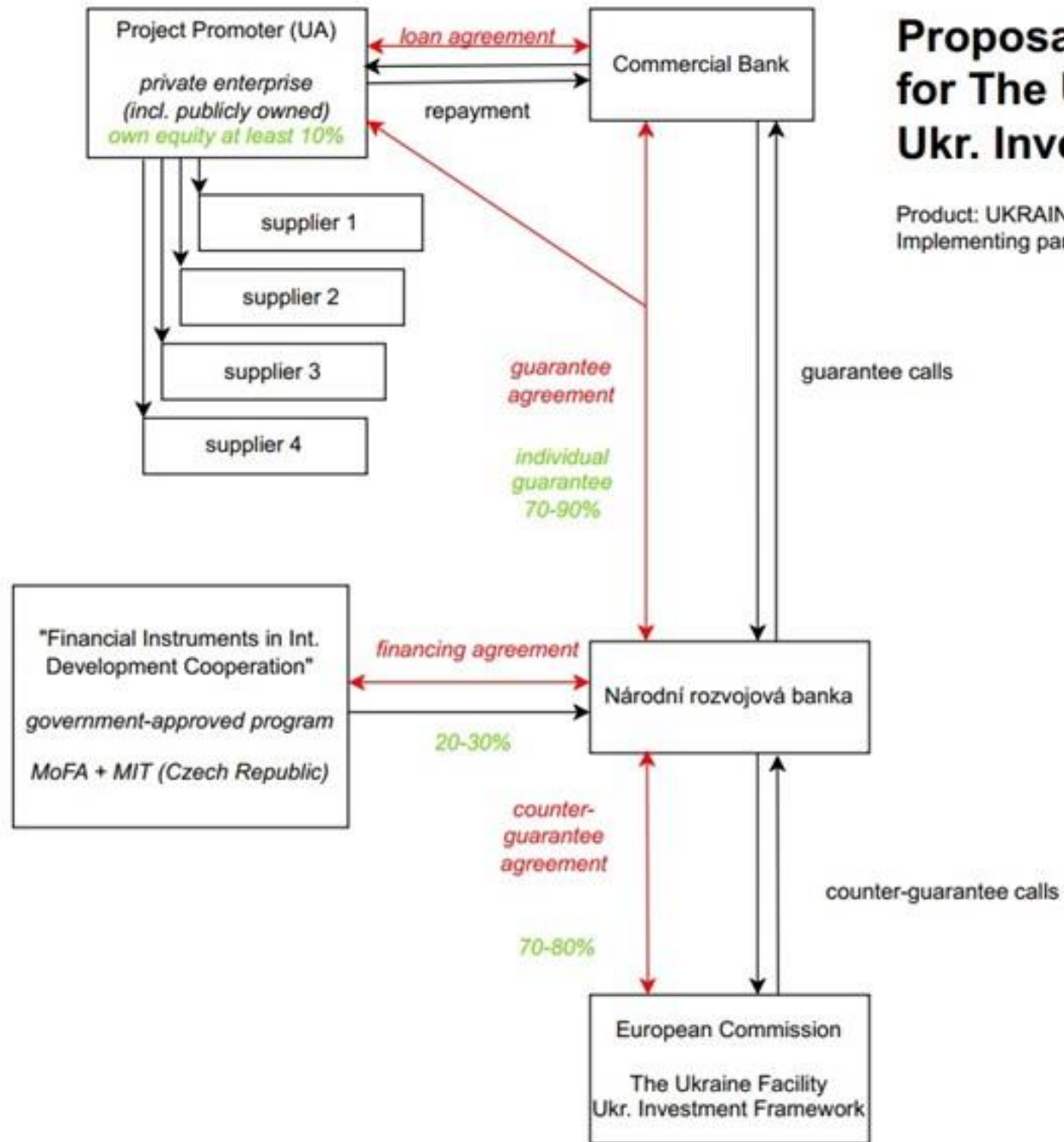
- infrastructure reconstruction needs are estimated to be in hundreds of billions of euros
- recovery is not possible without the involvement of the private sector, incl. EU companies
- investment conditions are unfavourable (tenor, pricing, collateral, insurance...)
- risk-sharing mechanisms are urgently needed in Ukraine
- NRB proposes to offer **individual guarantees** to incentivize commercial banks to lend

# Ukraine Recovery Guarantee

## Additionality

- financial additionality (OECD definition): an investment is financially additional when the private sector partners are unable to obtain financing from capital markets at the necessary terms and/or scale
- development additionality:
  - pulling companies into the game right now
  - supporting investments based on the principle „build back better“ (for example, decentralisation and decarbonisation of the energy sector)
  - enhancing the cooperation between the Ukrainian and Czech public and private actors
  - ensuring the synergies between local needs/priorities and EU know-how and expertise
- economic additionality: leveraging Czech resources with the EU counter-guarantee and increasing risk appetite of banks/NRB towards the individual projects
- technical additionality: introducing green and non-carbon technologies, aligning Ukraine with EU standards and technical norms

Financial structure

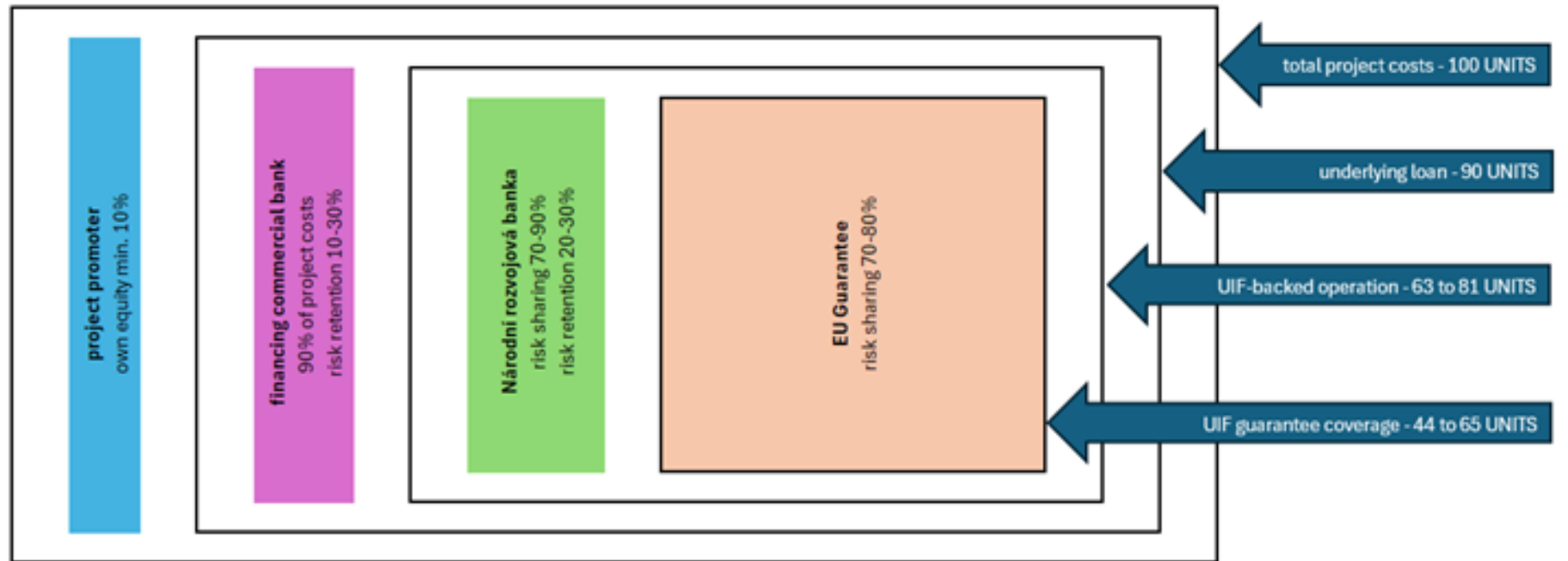


## Proposal of the scheme for The Ukraine Facility/ Ukr. Investm. Framework

Product: UKRAINE RECOVERY GUARANTEE  
Implementing partner: NÁRODNÍ ROZVOJOVÁ BANKA

# Ukraine Recovery Guarantee

## Risk structure



# Ukraine Recovery Guarantee

EU Support  
Requested

- **total volume of investments: EUR 185 million**
  - own resources of beneficiaries: EUR 18.5 million
  - investment loans from private banks: EUR 166.5 million
    - commercial banks own risk: EUR 33.3 million
    - NRB guarantee: EUR 33.2 million
    - UIF counter-guarantee: EUR 100 million
- green target: 30%

# Ukraine Recovery Guarantee

## Points of Agreement

### Specific clauses:

- Skin-in-the-game: a minimum of 10% SITG will be requested from all intermediary banks.
- Scope of the programme to be focused on private sector operations. Public sector investments to be removed from the scope with the exception of commercial sub-sovereign operation. Definition of possible commercial sub-sovereign operations will be subject to individual case-by-case assessment by the European Commission and thus subject to prior-consultation.
- Green target: at least 30%. Contribution to be tracked in the monitoring reports according to the guidance provided in the UIF call Guidance Note.
- Operations in the agriculture sector are subject to eligibility criteria of the Annex C of the Guidance Note.
- Guarantee cover: refinancing cost should not be covered by the guarantee.
- Related to NRB pillar assessment: signature of the Guarantee Agreement with NRB subject to inclusion of supervisory measures for Pillar 6b (Tax avoidance and NCJ) and Pillar 8 (Publication of information on recipients).

# Ukraine Recovery Guarantee

## Points of Agreement

### Standard clauses

- Ramp-up period 3 years, with 40% implementation after 1 year.
- ReMF: The guarantee and contribution agreements shall be fully aligned with UIF Result Measurement Framework, ReMF indicators to be discussed in detail at contracting stage.
- Pipeline of projects is non-binding on COM (including respective shares of loan/IG/TA).
- Risk and remuneration parameters (including among others pricing, level of risk coverage, SITG) will be negotiated at the contracting stage. The Guarantee Agreement shall be fully aligned with the applicable Risk Management Framework.
- Contractual clauses: Ensure compliance with D(S)NH, Art 11, minimum capex requirement and more generally obligations stemming from the Ukraine Facility Regulation (and passed on all the way to final beneficiaries).



# Renovation and Modernization of Hospitals

Národní rozvojová banka, Česká rozvojová agentura

## UKRAINE INVESTMENT FRAMEWORK

Steering Board

*Brussels, 7 March 2025*



# Renovation and Modernization of Hospitals

## Market Failure and Proposed Solution

- infrastructure reconstruction needs are estimated to be in hundreds of billions of euros
- healthcare system has been severely strained (shortages of medical supplies, overwhelmed services, displaced staff...)
- investment conditions are unfavourable (tenor, pricing, collateral, insurance...)
- risk-sharing mechanisms are urgently needed in Ukraine
- NRB proposes to offer **individual guarantees** to incentivize commercial banks to lend
- social investments face difficulties to obtain financing due to longer period of return
- ČRA proposes to blend loans with **investment grants** to make projects economically viable
- ČRA proposes to complement it with **technical assistance** to support the realization

# Renovation and Modernization of Hospitals

## Justification for grant intensity

- context: the closer the hospital is to the war front, the higher the risks and the greater the challenges in securing funding
- default setup: an investment grant covering 50% of project expenses in case of hospitals located in the West and 70% of project expenses in case of hospitals located in the East
- this share will be negotiated on a case-by-case basis with the Commission

# Renovation and Modernization of Hospitals

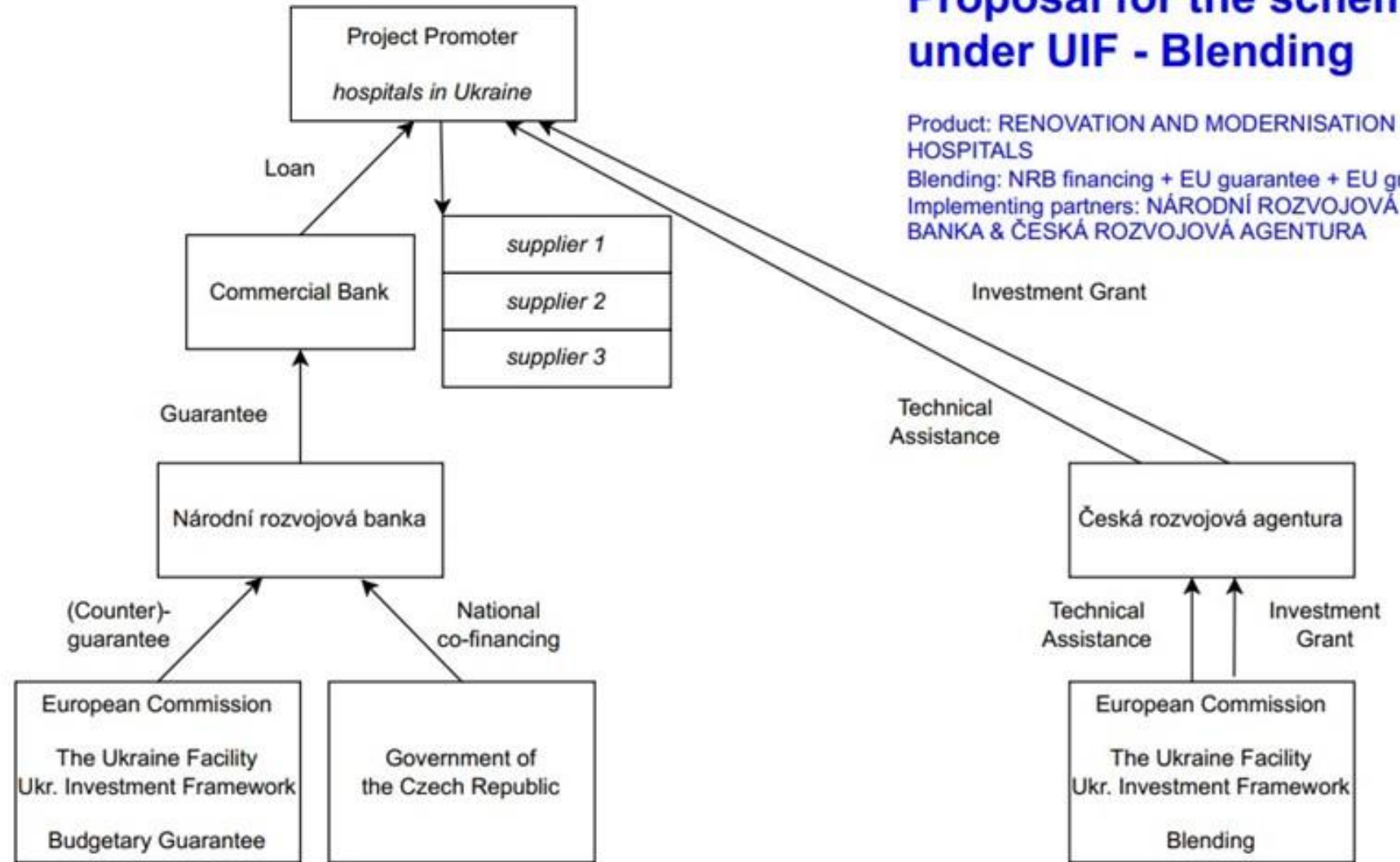
## Additionality

- financial additionality: local hospitals will be able to secure financing at the terms and/or scale that would otherwise not be available to them
- development additionality: the upgraded equipment and trained staff will help hospitals to meet international standards and increase the quality and accessibility of healthcare services
- economic additionality: the EU support will ensure greater efficiency and optimize the budgetary expenditures in the supported hospitals
- technical additionality: enhanced capacity of the healthcare system for innovation

# Proposal for the scheme under UIF - Blending

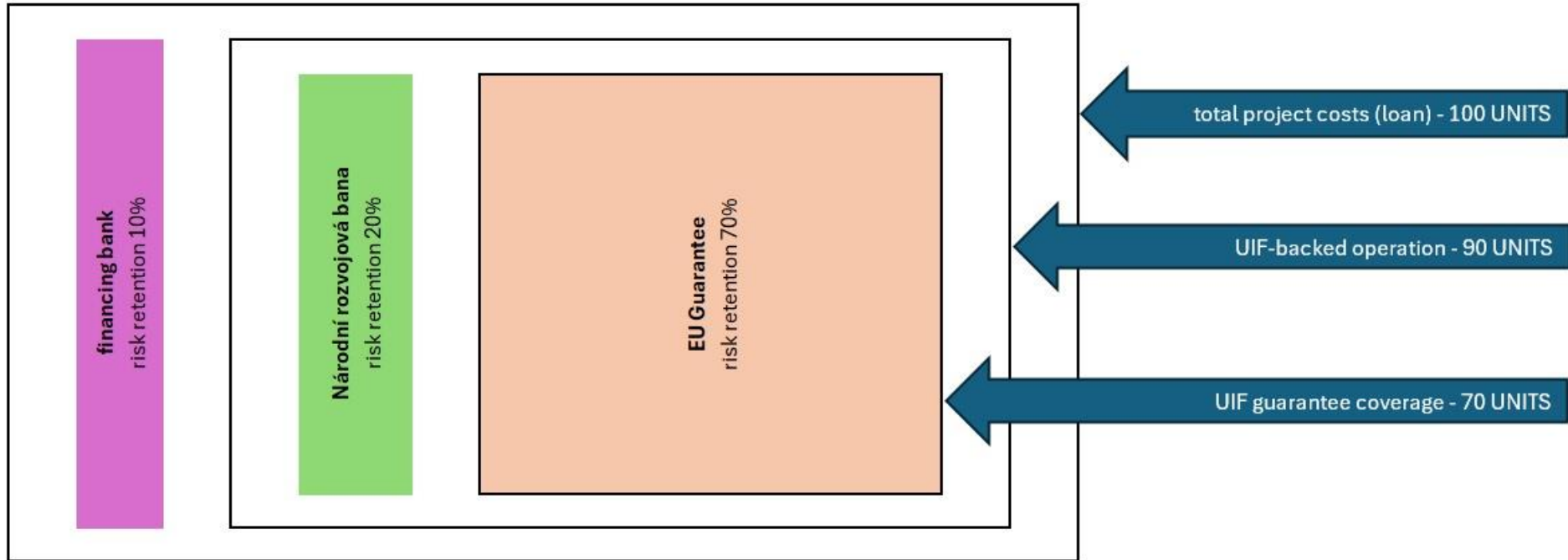
Product: RENOVATION AND MODERNISATION OF HOSPITALS  
Blending: NRB financing + EU guarantee + EU grant  
Implementing partners: NÁRODNÍ ROZVOJOVÁ BANKA & ČESKÁ ROZVOJOVÁ AGENTURA

Financial structure



# Renovation and Modernization of Hospitals

## Risk structure



# Renovation and Modernization of Hospitals

EU Support  
Requested

- **total volume of investments: EUR 141.8 million**
  - own resources of beneficiaries: EUR 40 million
  - investment loans from private banks: EUR 42.8 million
    - commercial banks own risk: EUR 4.3 million
    - NRB guarantee: EUR 8.5 million
    - UIF counter-guarantee: EUR 30 million
  - investment grants EUR 53.7 million
  - technical assistance EUR 4.2 million
  - lead fees EUR 1.065 million
- quantification of green investments: 0% (medical equipment)

# Renovation and Modernization of Hospitals

## Points of Agreement

### Specific clauses:

- IG and project scope: (i) reduce the overall IG to EUR 53.7m; (ii) explore possibilities to reduce the grant intensity at project level below 50-70%, with no project 100% grant funded; (iii) phase the investment programme, with project scope of Phase 1 to include a minimum of 6 hospitals (of which 2 minimum in the East); (iv) adjust the requested UIF guarantee amount accordingly, for an amount calculated at up to EUR 30m; (v) each grant allocation to sub-projects will need to be approved by NEAR/EUD (details of this approval process will be discussed at contracting stage).
- SITG: a minimum of 10% SITG will be requested from the intermediary banks
- Project selection: (i) to be approved by UKR Ministry of Health; (ii) to be included in the SPP to the extent possible (individually or as one investment programme).
- Related to NRB pillar assessment: signature of the Guarantee Agreement with NRB subject to inclusion of supervisory measures for Pillar 6b (Tax avoidance and NCJ) and Pillar 8 (Publication of information on recipients)
- Refinancing costs: in line with the Risk Management Framework, refinancing costs not to be covered by the UIF guarantee
- No sovereign guarantee to be requested by NRB or commercial banks

# Renovation and Modernization of Hospitals

## Points of Agreement

### Standard clauses:

- Governance/coordination: (i) NRB/CRA to ensure adequate coordination between themselves on the different components of the operation; (ii) NRB/CRA to ensure adequate coordination of the interventions with national health strategy and to coordinate with all relevant stakeholders in the health sector, including MoH, WHO and all donors/IFIs active in the sector; (iii) Steering Committee for the operation to be set up; (iv) NEAR to receive one single set of reporting on the operation/sub-projects.
- Ramp-up period 3 years, with 40% implementation after 1 year.
- Technical Assistance: (i) maximum TA amount shall not exceed 5% of overall UIF contribution (guarantee + grants); (ii) the exact scope and details of the technical assistance will be negotiated at contracting stage; (iii) TA also to cover support to project implementation, particularly with respect to procurement and environmental & social monitoring, as well as support to reporting.
- Procurement: procurement under the operation to be carried out in line with rules acceptable to the European Commission.
- ReMF: the guarantee and contribution agreements shall be fully aligned with UIF ReMF; ReMF indicators to be discussed in detail at contracting stage.
- Pipeline of projects is non-binding on COM (including respective shares of loan/IG/TA).



# Renovation and Modernization of Hospitals

## Points of Agreement

### Contractual clauses:

- Contractual clauses shall be included to (i) ensure compliance with DN(S)H, Art 11, minimum capex requirements under UIF (80% at portfolio level) and more generally obligations stemming from the Ukraine Facility (and passed on all the way to final beneficiaries); (ii) avoid the risk of double funding between investments under Pillar 1 and Pillar 2 of the Ukraine Facility.
- Risk and remuneration parameters will be negotiated at the contracting stage. The Guarantee Agreement shall be fully aligned with the applicable Risk Management Framework.



# Housing Repair for People's Empowerment Project (HOPE) IBRD, World Bank

## UKRAINE INVESTMENT FRAMEWORK Steering Committee Meeting

*Brussels, March 7, 2025*

# Housing Repair for People's Empowerment Project (HOPE)

Description of the proposal

- **Market Failure(s):** Housing is the most affected sector and scale of damage in the housing sector is exacerbating the already existing shortage of adequate, affordable, and safe housing in Ukraine
  - ❑ Total cost of damage at USD 56 billion; 10% of housing stock damaged/destroyed; ~ 2 million households affected ; ~3.5 million IDPs
  - ❑ Of the 2 million units damaged, 3/4ths have partial damage (minor or medium); 85% are in MFBs; 4 out of 5 damaged units in urban areas
- **Proposed solution:** A systematic and phased approach for Housing sector recovery focusing on rapid repairs of partially damaged units followed by the recovery of entire MFBs based on “build back better” principles.
- **Development Objective of the HOPE project:** **To increase households' access to repaired housing units damaged by Russia's invasion of Ukraine**
- **Financial and Risk structure:** Sovereign lending with EU guarantee to cover the sovereign risk for the entire period of the loan. Loan Maturity could be as long as 35 years, depending on preference of the borrower.
- **EU Support Requested: EUR 225 million**
  - ❑ An additional EUR 25 million will also be provided by the URTF through grant funding to meet the SITG requirement
  - ❑ This amount is assumed to cover needs of CY 2025 and Q1 of CY 2026

# Housing Repair for People's Empowerment Project (HOPE)

Description of the proposal

- **Project Components**

- **Component 1: Repair of residential units with partial damage** (*Requested amount: EUR 205 million*)

- ❑ Supports provision of compensations to affected households to carry out owner-driven repair
- ❑ Implemented through GoU's eRecovery program based on Resolution 381; Compensations are commensurate with level of damage verified by local commissions

- **Component 2: Design and capital repair of partially damaged MFBs** (*Requested amount: EUR 19.5 million*)

- ❑ Supports the completion of project design and documentation and the capital repairs of around 160 MFBs (Requested amount will cover 20-25 buildings, depending on level of damage)
- ❑ LSGs selected through eligibility and prioritization criteria: Bucha, Izyum Makariv, Mykolaiv, and Zaporizhzhia; Selection of MFBs through data-driven place-based cluster approach
- ❑ Implementation through Local-PIUs in adherence to WB procurement, FM and E&S standards

- **Component 3: Project Management** (*Requested amount: EUR 0.5 million*)

- ❑ Supports project management and strengthening of project implementation capacity. Includes financing of, among others (ii) operating cost of PMT (iii) goods and equipment (iv) training costs for PMT (v) Project audit and TPMA

- **Additionality:** The requested financing (EUR 225 million) would substantially expand the impact and reach of the Project

- ❑ Component 1: An estimated 70,000 households would additionally benefit from the minor and medium repairs from compensations worth EUR 205 million
- ❑ Component 2: An estimated 20-25 MFBs to be repaired benefitting at least an estimated 1500 households

# Housing Repair for People's Empowerment Project (HOPE)

## Points of Agreement

- **Pillar Assessment:** Substantial Progress has been made since previous discussions (especially on 6A) and WB will continue to provide updates
- **Skin in the Game:** This requirement has been fulfilled in the form of *investment grants in the amount US\$ 25 million ( 10 percent of requested amount)* and has been assessed by COM based on the information provided by IBRD.
- **Coordination with the Energy Efficiency Fund:** revised application includes a coordination mechanism
- **Green target:** The WB team will work with the PMT on a methodology for estimating green target especially on component 1. Contribution to be negotiated with an objective of reaching **at least 30%**.
- **Standard Clauses**
  - **ReMF:** The guarantee agreement shall be fully aligned with the UIF Result Measurement Framework, ReMF indicators to be discussed in detail at contracting stage
  - **Risk and remuneration parameters** (including among others pricing, level of risk coverage, SITG) will be negotiated at the contracting stage.
- **Contractual clauses / Operational Arrangements:** (i) The parties will agree on appropriate arrangements (to be negotiated at the contracting stage) to satisfy the requirements of DSNH, Art 11 and more generally obligations stemming from the Ukraine Facility Regulation are fulfilled. (ii) avoid the risk of double funding between investments under Pillar 1 and Pillar 2 of the Ukraine Facility.