

EU signs €1.4 billion of new guarantee and grant agreements to support Ukraine's recovery and attract private sector investments

June 11, 2024



At today's Ukraine Recovery Conference 2024 in Berlin, European Commission President Ursula von der Leyen announced the signature of €1.4 billion in new guarantee and grant agreements to support Ukraine's recovery and reconstruction.

These are the first agreements signed with international and bilateral public financial institutions under the Ukraine Facility's Investment Framework, the investment arm of the EU's €50 billion [Ukraine Facility](#) to support Ukraine in the face of Russia's ongoing war of aggression and on its path towards EU membership.

These agreements, consisting of €1 billion of loan guarantees and €400

million of blended finance grants, will benefit private companies, including small and medium-sized enterprises, municipalities and Ukrainian state-owned enterprises. They will notably focus on the repair, rehabilitation and development of energy infrastructure, which has been heavily targeted by Russia in recent months. Other programmes target the transport and municipal sectors, and access to finance for small and medium-sized enterprises, notably to businesses affected by the war in de-occupied and front-line regions.

The full list of programmes, which aim to unlock €6 billion in investments, includes:

- **Initiatives in Support of Ukraine's Private Sector** – to enhance access to finance for small and medium-sized enterprises, including to war-affected companies. The EU is providing €190 million in guarantees and €10 million investment grants via the European Investment Bank (EIB) Group;
- **Better Futures Programme, Resilience, Reconstruction, and Regeneration of Ukraine** – to accelerate and scale-up investments in renewable energy such as wind power projects, battery energy storage systems, transport, digital sector, and industrial investments. including steel production, construction materials and processing. The EU will provide €350 million in guarantees and €17.5 million in technical assistance via the International Finance Corporation (IFC).
- **Financial Inclusion Recovery Programme** will enhance access to finance for small and medium-sized enterprises and invest in their production capacity. The EU is providing €140 million in guarantees, €30 million in investment grants and €7 million in technical assistance via the European Bank for Reconstruction and Development (EBRD).
- **Hi-Bar Programme** will mobilise finance to accelerate the net zero transition in the energy sector. The EU is providing €150 million in guarantees and €7.5 million in technical assistance via the EBRD.
- **Municipal, Infrastructure and Industrial Resilience Programme** is focused on emergency support and future reconstruction efforts across sectors, including industry, energy, municipal infrastructure. The EU is providing €150 million in guarantees, €25 million in investment grants, and €7.5 million in technical assistance via the EBRD.
- **Promoting Green Lending via the Green for Growth Fund** aims to

enhance access to financing for mid-caps and small and medium-sized enterprises, green and circular economy businesses, climate adaptation, energy efficiency and green transition. The EU is providing first loss capital of €45 million, €7 million in investment grants and €3 million in technical assistance via the Kreditanstalt für Wiederaufbau (KfW), the German Development bank.

- **EU4Business, Lending to Micro and Small Enterprises via the EFSE Fund** will support the restoration and relocation of war-affected companies, micro and early-stage entrepreneurship, businesses in de-occupied/front-line regions, and the adaptation of agricultural business. The EU is providing first loss capital of €45 million, €9 million in investment grants and €1 million in technical assistance via the KfW.
- **Reconstruction and Rehabilitation of Electricity Transmission Infrastructure Programme** aims to strengthen the resilience of electricity transmission by investing in sustainable repairs and rehabilitation of electricity infrastructure and restoring access to electricity supply for critical infrastructures. The EU will provide €100 million investment grants via the KfW.
- **Support for Ukrainian MSMEs Programme** will enhance access to finance for micro, small and medium-sized enterprises focusing on war-affected companies to help them to restore their business, including in de-occupied and front-line regions. The EU is providing €20 million in guarantees via Bank Gospodarstwa Krajowego (BGK).
- **Municipal Infrastructure Development Programme** aims to support water and sanitation investments, rehabilitation of water supply and sewage infrastructure in the City of Chernivtsi. The EU is providing €17.75 million in investment grants and €2 million in technical assistance via the KfW.
- **Immediate Ukraine Extension of JASPERS** (Joint Assistance to Support Projects in European Regions) will provide capacity-building to prepare and implement large-scale infrastructure projects and advisory services for Ukraine's reconstruction. The EU is providing €10 million in technical assistance via the EIB.
- **Ukraine Recovery and Reconstruction Guarantee Facility** will provide war insurance for movable assets, such as in-land cargo transport. The EU is providing €50 million in guarantees via the EBRD to cover the risk of a fund which will in turn extend insurance coverage.

Other donors will provide an additional €60 million in guarantee commitments.

The EU also announced increased support via its rapid response instruments for the **Integrated Response Hub** with an additional €18 million, bringing the total EU contribution to €36 million. The Hub provides equipment to respond to the needs in Ukraine ranging from critical infrastructure to electricity supplies, demining equipment and support to civilian security actors, to ensure access to justice in de-occupied areas and to collect evidence of war crimes.

To further support Ukraine's on its path to the EU, the Commission also signed **new Technical Assistance programmes** worth over €100 million to help advance Ukraine's reforms in areas such as decentralisation, education and skills, health, integrated border management and crisis response.

The EU also agreed to suspend Ukraine's financial obligations related to its participation in Union programmes. To date, Ukraine is associated to 14 EU programmes: Horizon Europe, EURATOM Research and Training Programme, Digital Europe, Fiscalis, Customs, Creative Europe, EU4Health, LIFE, Single Market Programme, EU Civil Protection Mechanism, Connecting Europe Facility, Union Anti-Fraud Programme, Justice programme, Citizens, Equality, Rights and Values programme.

In the margins of the conference, the first ministerial meeting of the Multi-agency Donor Coordination Platform took place to discuss Ukraine's needs in the energy sector and its reforms progress. The meeting also launched the **Platform's Business Advisory Council**, bringing together business leaders, to provide advice on how the business environment in Ukraine can be bolstered to help the country attract private investment and achieve its vision of a modern, and greener economy integrated with Europe.

