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KSE Kyiv School of Economics

FINANCING & DE-RISKING TOOLS FOR UKRAINE'S RECOVERY

September 2025

INVESTMENT TOOLKIT | 3 TOOLS ENABLING TO CONFIDENTLY ACCESS OPPORTUNITIES IN UKRAINE

	Financing	Government Incentives	Risk Mitigation
Purpose	Ensure **access to capital** from public and private sources to fund viable investment projects	Enhance **project viability and returns** through tax relief, financial support, and streamlined regulations	**Secure investor capital** from war-related losses, political instability, or payment defaults
Examples	• **Partner Programs** e.g., UIF (EC) and other facilities • **IFI & DFI financing** incl. EBRD, IFC, EIB, World Bank and 20+ countries' DFIs • **Bilateral Support** from countries like France, South Korea and Switzerland • **Export Credit Agencies** with 30+ countries offering equipment & trade financing »» **Private Capital** e.g., Ukraine Fund by UIF	• **Tax & Custom Incentives** e.g., industrial parks, VAT exemptions… • **Financial Incentives** e.g., 5-7-9%, loans, support for significant investments, • **Infrastructure & Land Incentives** • **Regulatory & Legal Incentives** • **Labor and Training Incentives** e.g., reskilling & upskilling programs • **Sector-Specific Incentives** e.g., energy & RES, Defence and CRM	• **War Risk Insurance** e.g., through Unity, Lloyd's, Marsh, DFC, ARX, Aon, local insurers • **Political Risk Insurance** e.g., by MIGA, DFC, private insurers • **Investment Insurance** • **Export Insurance** • **Travel Insurance** for individuals e.g., by WTW »» **State-Backed Insurance Programs**

»» Solution in development

Source: Ministry of Economy of Ukraine; KSE analysis

THE UKRAINE INVESTMENT FRAMEWORK OFFERS €9.3B TO DE-RISK INVESTMENTS IN UKRAINE

UIF Instruments (2024-2027)

1. **€7.8B**
   Ukrainian guarantee
   Coverage of financial risks across various operations

2. **€1.5B**
   Blending / Grants
   Mixed financing mechanism through loans and grants to reduce cost of capital for businesses

3. **Technical assistance**

Key Sectors (Ukraine Plan)

- Energy
- Critical materials
- Transport
- Industry
- Agrifood
- IT

Additional Opportunities

- **15%** of guarantees – **SMEs support**
- **20%** of the total investment budget for Pillar 1 and Pillar 2 – **green projects**
- **25%** – **financing public sector projects from the EIB**

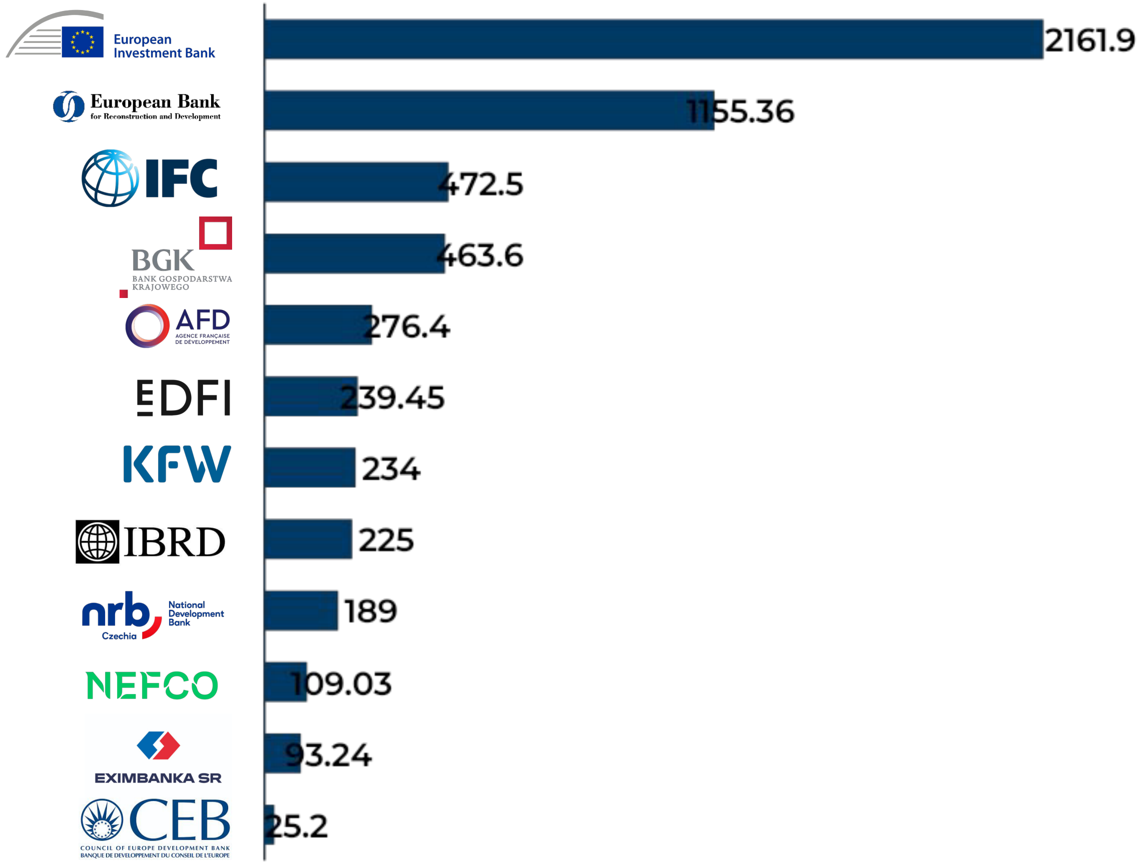
Source: European Commission

€5.6B ARE AVAILABLE THROUGH EFIS AS OF JULY 2025

UIF Preliminary Budget Allocation (July 2025)

Line	Guarantees (EUR M)	Grants (EUR M)	Total
Top-Ups (public, private, SMEs)	990	414	1,404
EIB public	1,950	-	1,950
Call on public, private & private equity	2,200	550	2,750
Call on intermediate private sector via banks for SMEs+	1,400	200	1,600
Unallocated amount	1,260	350	1,610
Total	**7,800**	**1,514**	**9,314**

Total value of EFI programs (EUR M)



EFIs: Eligible Finance Institutions
Source: European Commission; KSE analysis

LIST OF AVAILABLE PROGRAMS PER EFI (1/3)

PRIVATE SECTOR – DIRECT SUPPORT

IFI	Program	Status[1]	Size, EUR M	Social sectors	Energy	Transport	Agri-food	CRM	IT	Financial services	Industry
IFC	Better Future Programme	EXISTING	367.5		✓						
IFC	Better Futures Program - High Impact Equity Guarantee (HI Equity - Phase I)	NEW	105.0	✓	✓			✓	✓	✓	✓
EDFI	Pilar Assessed and Non-pilar Assessed EDFIs	NEW	239.5		✓	✓	✓	✓	✓	✓	✓
BGK Bank Gospodarstwa Krajowego	Energy, transport and construction	NEW	184.0		✓	✓					
European Bank for Reconstruction and Development	Risk Mitigation Mechanism for Supporting Renewable Energy Investments in Ukraine	NEW	180.0		✓						
European Bank for Reconstruction and Development	Hi-Bar	EXISTING	157.5		✓			✓			✓
nrb National Development Bank Czechia	Ukraine Recovery Guarantee	NEW	100.0		✓	✓	✓	✓	✓		✓
	TOTAL		**1333.5**								

Sectors: Social sectors, Energy, Transport, Agri-food, CRM, IT, Financial services, Industry

1. New indicates that the programme has been launched after URC 2025

Source: European Commission; KSE analysis

LIST OF AVAILABLE PROGRAMS PER EFI (2/3)

PRIVATE SECTOR – INTERMEDIATED FOR SME

IFI	Program	Status[1]	Size, EUR M
European Bank for Reconstruction and Development	EU-EBRD Financial Inclusion Recovery Programme ("FIRP"; "the Programme", "the Action")	NEW	315.0
	Financial Inclusion	EXISTING	177.7
	Ukraine Recovery and Reconstruction Guarantee Facility	EXISTING	52.0
	Ukraine SME Recovery Programme	NEW	45.9
BGK Bank Gospodarstwa Krajowego	EU Support for Ukrainian Micro, Small and Medium-Sized Enterprises (MSMEs) – phase 3	NEW	120.0
	EU Support for Ukrainian MSMEs	EXISTING	20.6

IFI	Program	Status[1]	Size, EUR M
European Investment Bank	EFSD+ MSME Access to green, growth and inclusive finance	EXISTING	150.0
	EU4Business Guarantee Facility	EXISTING	51.9
	Jaspers	EXISTING	10.0
KFW	European Fund for Southeast Europe (EFSE)	EXISTING	56.1
	Green Growth Fund (GGF)	EXISTING	56.1
CEB Council of Europe Development Bank	Support to Microfinance Providers and Other Social Economy Actors in Ukraine	NEW	14.5
	TOTAL		**1069.8**

1. New indicates that the programme has been launched after URC 2025
Source: European Commission; KSE analysis

LIST OF AVAILABLE PROGRAMS PER EFI (3/3)

PUBLIC SECTOR

	IFI	Program	Status[1]	Size, EUR M	Sectors: Social sectors	Energy	Transport
State	European Investment Bank	Public envelope	EXISTING	1950.0	✓	✓	✓
State	IBRD	HOPE	NEW	225.0	✓		
State	NEFCO	EU NEFCO Green Recovery Programme for Ukraine	NEW	109.0		✓	
State	KFW	Reconstruction and rehabilitation of the electricity transmission infrastructure	EXISTING	101.5		✓	
State	EXIMBANKA SR	Ukraine-Slovakia Energy Security and Grid Stability Investment Programme	NEW	93.2		✓	
State	European Bank for Reconstruction and Development	Resilience (mixed type)	EXISTING	183.3		✓	✓
State	European Bank for Reconstruction and Development	Resilience and Livelihood Framework (RLF) - UZ Energy Project	NEW	44.0		✓	✓
State	CEB Council of Europe Development Bank	HOME	NEW	10.7	✓		
Municipal	AFD Agence Française de Développement	MISTO* - Municipal Infrastructure for Sustainable TerritOries	NEW	276.4	✓	✓	✓
Municipal	BGK Bank Gospodarstwa Krajowego	Support for Municipal investments in Ukraine	NEW	139.0	✓	✓	✓
Municipal	nrb National Development Bank Czechia	Renovation and modernization of hospitals	NEW	89.0	✓		
Municipal	KFW	Municipal Infrastructure Development (Chernivtsi)	EXISTING	20.3		✓	✓
		TOTAL		**3240.3**			

1. New indicates that the programme has been launched after URC 2025

Source: European Commission; KSE analysis

15 BANKS[1] IN UKRAINE ARE ALREADY LOCAL PARTNERS OF IFIS IN PROVIDING FINANCING TO SMES

State

Privatbank

Oschadbank

Ukreximbank

Ukrgasbank

Private

Agroprosperis Bank

Bank Lviv

Citibank

Credit Agricole Bank

Kredobank

OTP Bank & OTP Leasing

Piraeus Bank

ProCredit Bank

Raiffeisen Bank

Ukrsibbank

1. The list of partner banks is expected to be expanded

Source: KSE analysis

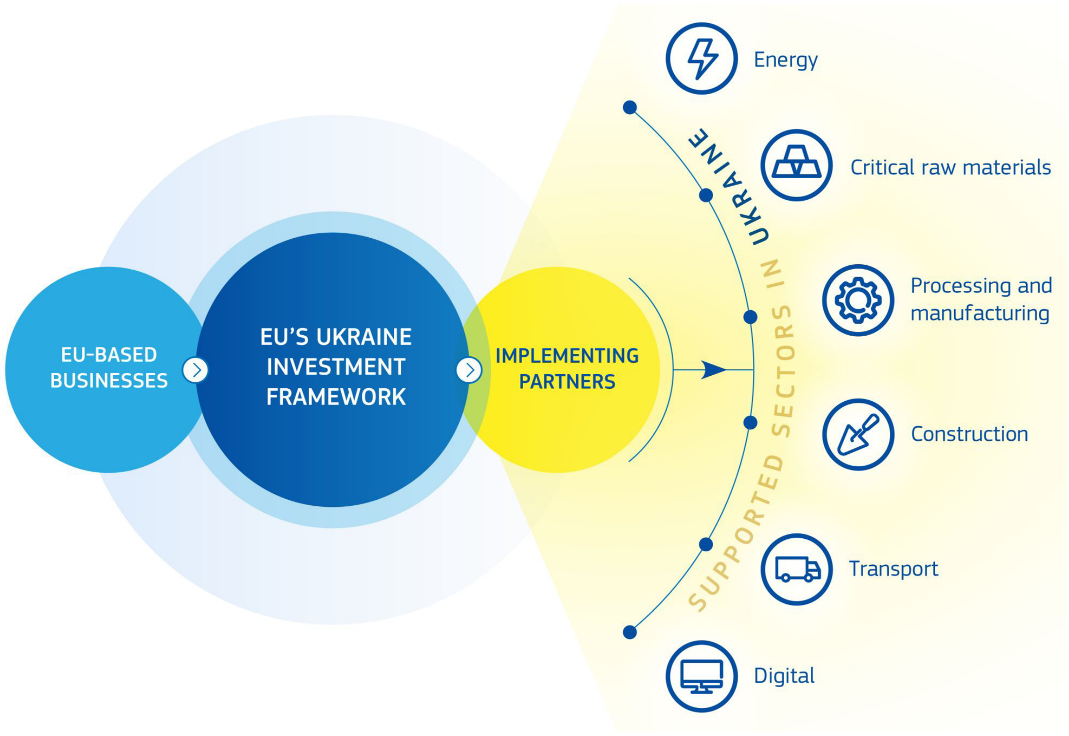
INVESTORS & EFIS HAVE WORKED TOGETHER TO DELIVER LANDMARK PROJECTS THROUGH UIF FUNDING

Illustrative examples

	DataGroup-Volia Holding €217.5M secured loan	**JSC “Galnaftogaz” (OKKO Group) €60M secured loan**	**LLC Yuria-Pharm €4M secured loan**
EFI	IFC	European Bank for Reconstruction and Development	European Bank for Reconstruction and Development
Instrument	IFC Loan, IFC Better Futures Programme (Guarantee)	EBRD Loan, EBRD Hi-Bar (Guarantee)	EBRD Loan, EBRD Resilience (Guarantee)
Sector	Telecom	Energy	Pharmaceuticals
Parties	• DVR UKR LLC • Lifecell LLC	• Wind Power GSI Volyn LLC • Wind Power GSI Volyn LLC 3	• Yuriya Pharm
Guarantee amount	€80.6M	€16.2M	€1.1M
Timeframe	2024-2032	2024-2041	2025-2031
Notes	The funding enabled an acquisition of 2 telecom operators by French & Ukrainian investors. EBRD contributed to the financing package.	The funding enabled the construction of a 147 MW greenfield wind power plant. IFC & BSTDB contributed to an overall financing package of €157M.	The loan was intended to support capex projects, the introduction of new software and the installation of solar panels.

EFIs: Eligible Finance Institutions
Source: European Commission

NEXT CALL FOR EXPRESSIONS UNDER THE UIF FOCUSES ON EU-BASED AND UKRAINIAN BUSINESSES



	Details
Launch	URC 2025
Eligible entities	Private Sector; Companies registered in the European Union and the European Economic Area or Ukraine
Sector(s)	• Energy • Critical Raw Materials • Processing Industry and Manufacturing • Construction Materials • IT & Digital Transformation • Transport and export logistics
Minimum project cost	€50M
Skin in the game	10% of total project cost
Deadline for proposals	10 October 2025

Depending on the strength and relevance of their proposals, participating companies may be invited to **engage with partner Financial Institutions** to explore cooperation around **specific investment opportunities in Ukraine**.

Source: European Commission

LEADING DFIS SUPPORT TRANSACTIONS AND MAINTAIN DEDICATED OPEN LIMITS FOR UKRAINE

Country	DFI	Limits, EUR M	Disbursed, EUR M	Agriculture & agrifood	Transport & logistics	Energy & utilities	Critical raw materials	Processing[1]	ICT & digital	Financial services	Social infra[2]
	OeEB	30		✓	✓	✓		✓	✓		
	BIO Investing in a Sustainable Future	10		✓		✓		✓	✓	✓	
	IMPACT FUND DENMARK	41	113	✓	✓	✓		✓	✓	✓	✓
	finnfund	25	15	✓		✓			✓		✓
		--	50	✓	✓	✓			✓	✓	
		323	45	✓	✓	✓		✓	✓	✓	
	cdp	510[1]		✓	✓	✓	✓	✓	✓	✓	
	JBIC	150		✓	✓	✓			✓		✓
	FMO Entrepreneurial Development Bank	31	45	✓		✓				✓	
	Norfund	21		✓	✓	✓		✓	✓	✓	
	Swedfund	45	15	✓		✓			✓	✓	✓
	SIFEM	--	15	✓	✓	✓	✓	✓	✓	✓	
	British International Investment	290	62	✓	✓	✓		✓	✓	✓	
	DFC	--	800[1]	✓	✓	✓	✓	✓	✓	✓	✓

Focus sectors: Agriculture & agrifood through Social infra.

1. incl. SIMEST; CDP's support limit for the private sector is EUR 10M with the remaining envelope consisting of dedicating SIMEST initiatives. .2. Active DFC exposure in Ukraine is ~USD 800M, incl. >500M in war risk insurance coverage.
Source: KSE Institute analysis based on DFI survey via UDP

DFI FUNDING UNDERSCORES THE IMPORTANCE OF CORE ECONOMIC SEGMENTS INCL. AGRICULTURE & SMES

Illustrative examples

	Kernel's Pre-Export Facility **$25M participation**	**Lending to Bank Lviv** **€7M subordinated debt**	**Direct Loan to MHP SE** **$25M loan**
DFI	FMO Entrepreneurial Development Bank	IMPACT FUND DENMARK	DFC
Date	December 2024	April 2025	October 2023
Sector	Agri-food	Financial Services	Agri-food
Parties	Kernel (sunflower oil producer)	Bank Lviv	MHP SE
Notes	In its first direct investment in Ukraine post-invasion, FMO joined Kernel's Pre-Export Facility (led by Rabobank and ING) and supported by the Black Sea Trade and Development Bank. The funds are used for the procurement of sunflower, rapeseed, and soybean seeds from local farmers for processing and global exports of vegetable oils and meals.	IFD invested in Bank Lviv to strengthen the bank's ability to provide targeted financing to SMEs, especially in manufacturing, trade, and agribusiness. Given the bank's unique customer base of 45,000 customers, the financing intended to support innovation, job creation, and integration of Ukrainian SMEs into international trade.	DFC supported MHP SE to refinance its maturing debt and support the continued maintenance and war-related expenditures of its poultry and grain production. The loan intended also to increase food production and storage and support the company's export capacity, while mitigating the effects of food insecurity exacerbated by the war.

Source: KSE Institute analysis

ECAS OFFER EXPORT FINANCING, INSURANCE AND GUARANTEES FOR UKRAINE

3 instrument types offered by ECAs

1 **Financing**

ECAs primarily offer trade financing products, such as **buyers' credit**, **supplier's credit** and, in some cases, **direct loans** (e.g., EIFO)

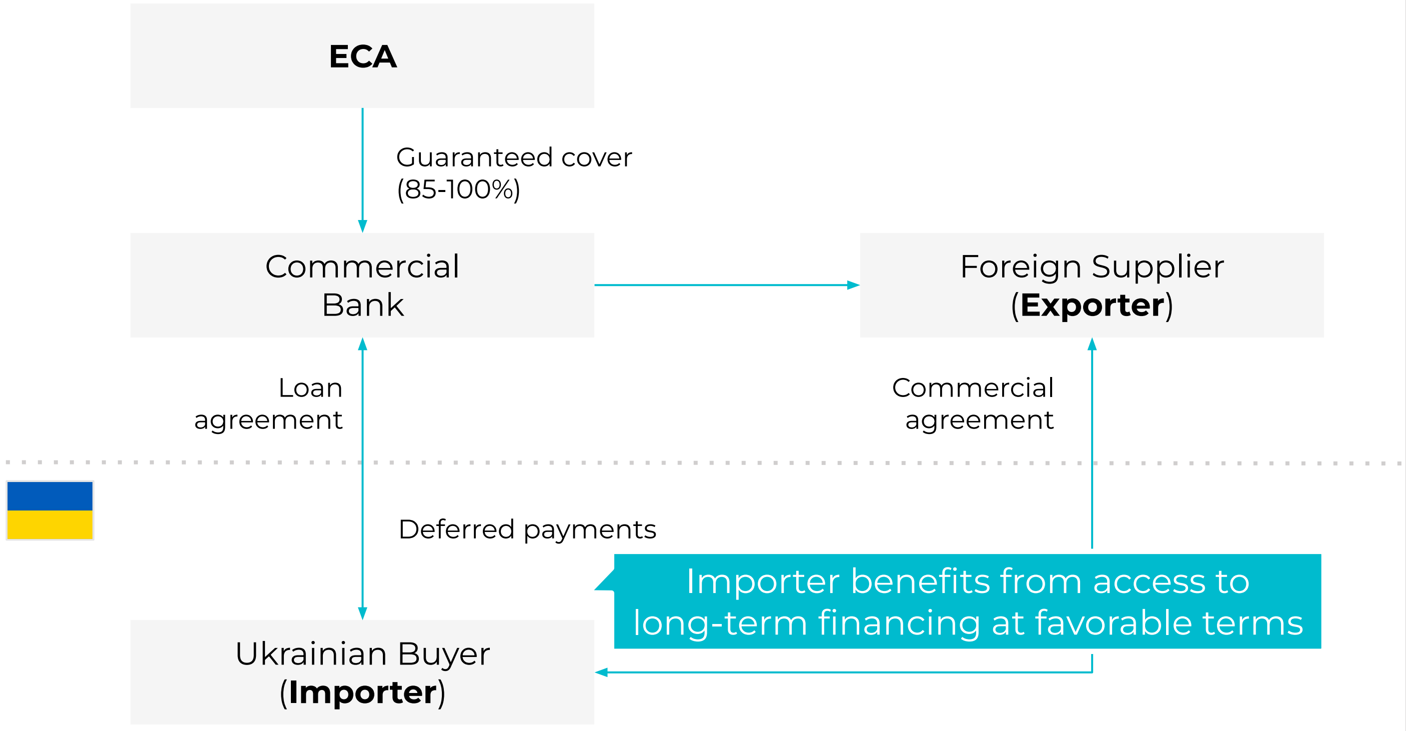
2 **Insurance**

Many ECAs provide **export credit insurance** as well as standalone **political risk** and **investment insurance** to protect exporters and investors

3 **Guarantees**

ECAs also issue a broad range of guarantees, incl. **loan guarantees**, **partial credit/risk guarantees** & **bond guarantees** to de-risk private finance

In a typical **buyer's credit** transaction[1], the ECA and a commercial bank lend directly to the foreign buyer, who then pays the exporter upfront



Best for Large-scale or complex deals (e.g., infrastructure, capital goods)

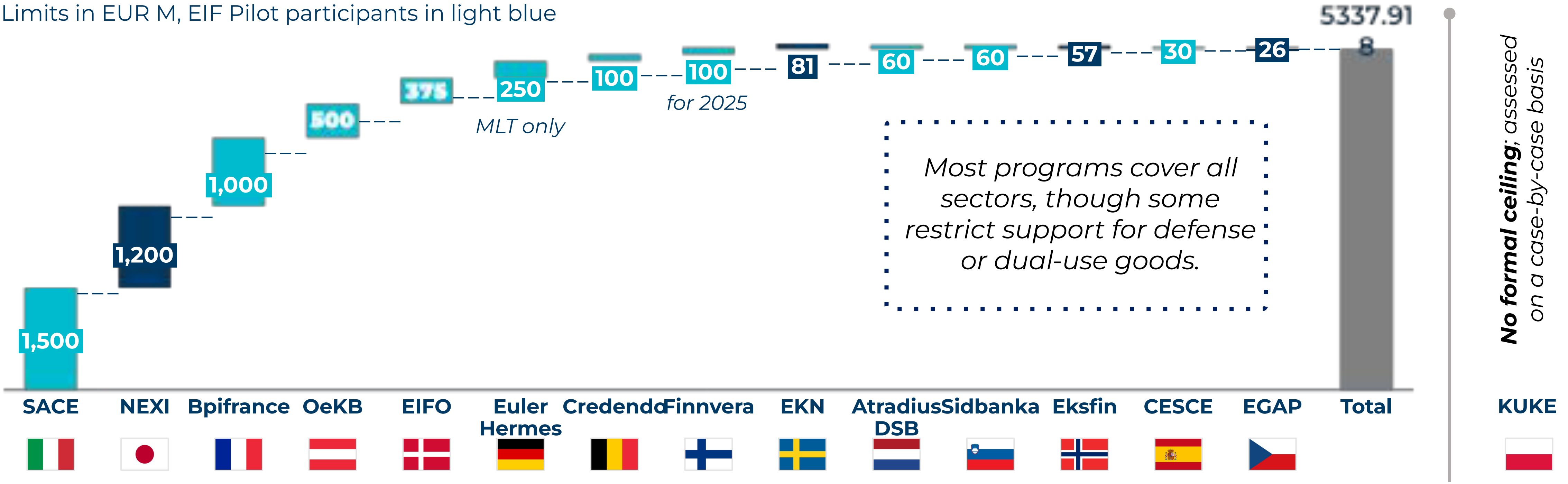
1. Other than direct lending, buyer's credit transactions can also be structured bank-to-bank, where the Ukrainian Bank of the Importer raises a loan from an int'l bank

Source: KSE Institute analysis based on ECA survey via UDP

WE ESTIMATE MORE THAN EUR 5B IN DEDICATED ECA FINANCING FOR UKRAINE TO BE AVAILABLE

ECAs with dedicated country programs for Ukraine

Limits in EUR M, EIF Pilot participants in light blue



Notes:

- UK's **UKEF has a £3.5B limit**; by March 2025, this capacity was **nearly exhausted**, mainly via large-scale defense transactions.
- KUKE has insured ca. €1.5B (both ST and MLT) since 2022.

Source: KSE Institute analysis based on ECA survey via UDP

FLAGSHIP TRANSACTIONS BACKED BY ECAS HAVE ALREADY TAKEN PLACE ACROSS PRIORITY SECTORS

Illustrative examples

	Buyer's credit (loan equivalent) for reconstruction of 6 Bridges in Kyiv	Insurance of a production complex of a Polish company for war risks	Export-credit guarantee to expand Tyligulska Wind Farm (500 MW)
ECA	UK Export Finance	KUKE Grupa PFR	EIFO
Date	June 2023	September 2024	January 2025
Sector	Infrastructure	Manufacturing	Renewable Energy
Amount	GBP 26.3M	USD 45M	EUR 370M
Parties	• Ministry of Finance • Doğuş and Onur Group (exporters)	• Undisclosed Polish investor	• DTEK • Vestas (exporter)
Notes	UKEF support unlocked financing from Citi, enabling the Ukrainian government to begin reconstructing six bridges near Kyiv, restoring critical transport links.	Together with MIGA, KUKE supported a $45M production complex investment — the first-ever reinsurance of political risk for FDI in Ukraine. It also marks the first reinsurance deal globally with a multilateral financial institution.	EIFO's guarantee unlocked syndicated financing for DTEK's 384 MW expansion at the Tyligulska WPP (incl. the purchase of 64 wind turbines from Vestas). This is Ukraine's largest RES investment since 2022, expected to supply clean power to ~900K homes.

Source: KSE Institute analysis based on ECA survey via UDP

DIFFERENT WAR & POLITICAL RISK INSURANCE MECHANISMS ARE NOW AVAILABLE IN UKRAINE

Backed by	EBRD & Aon (public-private sector cooperation)	WTW & WUSO (private sector providers)	Lloyd's (private sector providers)	Ministry of Economy of Ukraine	International ECAs / Partner gov'ts	World Bank Group	DFC & Aon (public-private sector cooperation)
Launched	2024	2024	2025	2024	2022	2023	2024
Coverage focus	Inland cargo, vehicles & rolling stock	Inland cargo & logistics for transported goods in Ukraine	Commercial property assets > 100 km from frontline	Ukrainian exporters abroad; Ukrainian and international investors in Ukraine	Foreign exporters in Ukraine; international investors in Ukraine	International investors in Ukraine	Ukrainian and international investors
Program size	€110M facility	No data	No data	No data	Country-specific	>€185M[1]	>€260[1] + €43M reinsurance
Limit per policy	€5M[2] (INGO)	No data	€43M (announced)	€8.3M	Country-specific	No data	€2.2M (ARX)

\+ Asset and geography coverage specificity -

1. Estimated based on published transactions describing policies issued since the full-scale invasion; 2. Per case limit is €2M

Source: KSE analysis

OUR FINANCING GUIDE INCLUDES PRACTICAL INFORMATION ON EXISTING PROGRAMS

Purpose	provide companies with information on financial instruments & business support programs in Ukraine
Focus	UIF Phase 1 and financing for SMEs
Content	• Financing programs from **Ukrainian banks, IFIs, DFIs** and **insurance companies** • Presentation of financial instruments, including **guarantees**, **grants** and **blended finance**, as well as **technical assistance**
Target audience	Small and medium-sized entrepreneurs, large corporations, and international investors

Access the Guide

Investment Portal

3 KEY G2G AGREEMENTS CURRENTLY IN PLACE WITH FRANCE, SOUTH KOREA AND SWITZERLAND

	Loan Agreement Between the Governments of Ukraine and South Korea	**Grant Agreement Between the Governments of Ukraine and France**	**International Grant Agreement between Switzerland and Ukraine for Reconstruction**
Date signed	September 2023	June 2024	July 2025
Type	Concessional loan	Grant	Grant
Amount	$2.3 billion	€200 million	CHF50 million
# of projects supported	TBD	19	TBD
Sectors	Energy, transport/infrastructure	Agriculture, demining, digital technologies, energy, healthcare, transport/infrastructure, water supply	Demining, infrastructure, utilities
Details	Provides concessional loans for the implementation of projects in Ukraine with the participation of South Korean companies.	Half of the grant will be used for the procurement of Ukrainian goods & services; the remainder to be allocated to French goods & services.	The grant is part of a broader CHF 1.5 billion programme (2025–28), with a total 12-year commitment of CHF 5 billion for Ukraine's recovery

Just signed - detailing to follow

Source: KSE Institute analysis

THE UKRAINIAN GOVERNMENT HAS DEVELOPED INCENTIVES TO ATTRACT LARGE INVESTMENTS…

INDUSTRIAL PARKS

Incentives for industrial parks include:

- Interest rate compensation
- Non-repayable financing
- Compensation for connecting to engineering grids
- 10-year corporate income tax exemption (contingent on reinvesting)
- VAT exemption on imported equipment for exclusive use
- Favorable land tax rates
- Customs duty exemptions on new equipment

Terwin Corporation $500M+ investment

SIGNIFICANT INVESTMENTS

Financial incentives for companies that make significant investments (€12M+) and create new jobs include:

- Up to 30% financial support on eligible capital investments
- 5-year corporate tax exemption
- VAT and import duty exemption for new equipment
- Land tax breaks and lower tax rates
- Infrastructure and grid connection cost compensation
- Lease of state or communal land without auction

VEON invest 1b$ in Kyivstar telecom

DIIA CITY

"Diia City" is a virtual economic zone that aims to attract IT companies – incentives include:

- Special corporate income tax regime
- 0% on income of individuals as dividends accrued (if paid no more than once every two years).
- Tax rebates
- Flexible cooperation with IT specialists through "gig contracts“
- Applications of English Law best practices in employees stock ownership plans and warranties & indemnities

580+ residents, including Samsung, Nokia & Visa

Source: KSE Institute analysis

...BUT ALSO TO SUPPORT SMES AND REVITALIZE PRIORITY ECONOMIC SECTORS

Illustrative & non-exhaustive

Incentives for SMEs

Affordable Loans 5-7-9%

These loans support the creation and expansion of domestic micro and small businesses at **low interest rates** (e.g., **5%, 7%, 9%**) for investments of up to **UAH 1.5M** and with a a term of up to **5 years**.

Fuel and energy complex

State-backed financing is available to restore, repair, or replaceenergy **infrastructure facilities** (e.g., thermal power plants, CHP plants) damaged due to hostilities.

"Made for Victory" Processing Grants

These grants are up to **8M UAH** per project and aim to stimulate the **processing industry** (e.g., purchases of capital equipment); while stand state co-financing is 50%, increased support (80%) is available for **defense/aerospace** industries and in frontline regions.

Sector-specific incentives

Agri-business

Budget grants and **partial reimbursements** (e.g., 25% compensation for Ukrainian-made agricultural machinery), plus **VAT exemptions** are available to agricultural businesses.

Aircraft manufacturing

VAT exemption plus **customs duty removal**, with tailored **grants** under "Made for Victory" are available for aircraft manufacturers.

Source: KSE Institute analysis