European Bank
for Reconstruction and Development

DOCUMENT OF THE EUROPEAN BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Approved by the Board of Directors on 6 April 2022[1]

REGIONAL

WAR ON UKRAINE - EBRD RESILIENCE PACKAGE
RESILIENCE AND LIVELIHOODS FRAMEWORK

[Redacted in line with the EBRD's Access to Information Policy]

[Information considered confidential has been removed from this document in accordance with the EBRD's Access to Information Policy (AIP). Such removed information is considered confidential because it falls under one of the provisions of Section III, paragraph 2 of the AIP]

[1] As per section 1.4.8 of EBRD's Directive on Access to Information (2019), the Bank shall disclose Board reports for State Sector Projects within 30 calendar days of approval of the relevant Project by the Board of Directors. Confidential information has been removed from the Board report.

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ABBREVIATIONS

BOC	Business Ombudsman Council
Capex	Capital Expenditure
CEB	Central Europe and the Baltics
DFI	Development Finance Institutions
EIB	European Investment Bank
ESDD	Environmental and Social Due Diligence
EU	European Union
GBVH	Gender-Based Violence and Harassment
HIPCA	High Impact Partnership on Climate Action
IDP	Internally Displaced Persons
IFI	International Financial Institutions
MREL	Minimum Required Eligible Liabilities
PPR	Procurement Policies and Rules
REPowerEU	Joint European action for more affordable, secure and sustainable energy
SBIF	Small Business Impact Fund
SOB	State Owned Banks
SOE	State Owned Enterprises
TI	Transition Impact
TQ	Transition Quality
UNHCR	United Nations High Commissioner for Refugees
URA	Ukraine Reform Architecture

PRESIDENT'S RECOMMENDATION

This recommendation and the attached Report concerning the establishment of the Regional Resilience and Livelihoods Framework (the "**Framework**"), are submitted for consideration by the Board of Directors.

The Framework is part of the War on Ukraine - EBRD Resilience Package, a broad strategic approach that the Bank will adopt for its response to the War on Ukraine, which was endorsed by the Board of Directors on 9 March 2022 (the "Resilience Package").

The war of aggression by the Russian Federation and Belarus on Ukraine and its people is a human and geopolitical catastrophe which strikes to the heart of Europe. It is already having a huge impact on Ukraine and on neighbouring countries. In order to efficiently and effectively respond to the crisis from the war on Ukraine, the proposed Framework of up to EUR 2 billion is intended to provide an operational basis for fast support to Ukraine, Affected Countries (as defined below), and Ukrainians most affected by such crisis, including those who have been displaced, mostly women, children and the elderly.

This is an initial step and, as this Framework starts to be deployed and its results are being reviewed, a further increase might be considered and submitted for the approval of the Board depending on the needs.

Recognising extraordinary circumstances:

- Management will provide informal updates at the regular Board meetings at least monthly, covering ongoing activities under the Framework and generally the Resilience Package, including update on work with donors, and where possible, effects of the operational activity under the Framework on corporate scorecard parameters.
- The Framework, including performance against the applicable results framework, will be submitted to the Board for regular review (semi-annually) [REDACTED].

The Framework will provide a suite of instruments for financing to private clients, sovereigns, municipalities, municipal owned companies and other SOEs and financial intermediaries (including SOBs) in Ukraine and affected countries, which are to include the region currently most affected by the refugee flows: CEB countries (Poland, Hungary, Slovakia, Croatia, Czech Republic, Estonia, Latvia, Lithuania, Slovenia), and Romania, Bulgaria and Moldova ("Affected Countries").

For Ukraine, the Framework covers all sectors. For the Affected Countries, the Framework covers mainly the areas of: (i) energy security; (ii) municipal and national infrastructure; and (iii) liquidity through the capital markets and financial intermediaries. In addition, the Framework will cover projects which directly address refugee challenges, going beyond the three aforementioned areas. [REDACTED].

It is envisaged that immediate priorities for Ukraine will include (i) energy security: gas purchase, electricity grid operations and, when concrete cases arise, other fuel supplies; (ii) vital infrastructure: railways company operations and provision of financing to municipalities; (iii) food security: support to primary farming companies for the upcoming sowing campaign, to food retailers and, to the extent possible, to exports of agricultural products; and (iv) support to pharmaceutical supply chain. At the same time, as part of the overarching Resilience Package, the Bank is taking a constructive approach to forbearance and/or restructuring in the private sector and in the sub sovereign sector, as well as repurposing and, when needed, recalibrating our policy engagement activities (e.g. Ukraine Reform Architecture) to respond to emergency needs and prepare for the reconstruction phase. [REDACTED].

The overall objective of the Framework is to help sustain the provision of services and safeguard business activities in Ukraine and the Affected Countries, with the ultimate goal of preserving livelihoods. The war on Ukraine is generating a widespread economic shock. The Framework is expected to support Ukraine and the Affected Countries through two primary transition qualities.

- First, EBRD financing is expected to support Resilience, by providing financing and other much-needed support to help clients weather the shock resulting from the war on Ukraine and with the key aim of mitigating negative impacts on energy and food security, or keeping economic activities going to the extent possible.
- Second, the Framework also supports Inclusion, by preserving the livelihoods and strengthening the human capital and adaptability of people and businesses directly or indirectly affected by the war. There is an urgent need to alleviate the social and economic pressures derived from the inflows of Internally Displaced Persons ("IDPs") in Ukraine and displaced people in Affected Countries, primarily women, children and elderly.

Some Sub-projects under the Framework – particularly Capex focused transactions – might lend themselves to supporting other transition qualities, such as for example Green and Competitive, and this will be recognised in the suitable context of each transaction.

For Sub-projects under the Framework to be co-financed with other multilateral financial institutions and development support initiatives such as the EC Cohesion and Structural Funds, an exception from the use of the Bank's Procurement Policies and Rules ("PPR") as envisaged under paragraph 2.4 of the PPR may be required on a case by case basis. The delegated approval of a Sub-project referred to herein would apply to both the Sub-project financing and the related PPR exception for the procurement under such Sub-project. Any exception request would be reviewed by the procurement Policy and Advisory Department to ensure consistency with established practice as previously agreed with the Board.

The Framework focuses on immediate needs in Ukraine and Affected Countries. Once the necessary conditions are in place, the Bank will propose an ambitious **Reconstruction Package for Ukraine** in close partnership with the Government of Ukraine, G7, EU and other donors, as well as other IFIs/DFIs.

I am satisfied that the proposed Framework is consistent with the "War on Ukraine - EBRD Resilience Package" and securing transition gains achieved under relevant Sector and Country Strategies and Initiatives, and with the Agreement Establishing the Bank.

I recommend that the Board of Directors approve the proposed Framework substantially on the terms of the attached Report.

Odile Renaud-Basso

BOARD DECISION SHEET

<table>
<tr><th colspan="2">War on Ukraine - EBRD Resilience Package
Regional: Resilience and Livelihoods Framework – DTM 53662</th></tr>
<tr><td>Transaction / Board Decision</td><td>Board approval[2] is sought for a Framework of up to EUR 2 billion for financing to private clients, sovereigns, municipalities, municipal owned companies and other SOEs and financial intermediaries (including SOBs) in Ukraine and nearby countries currently most affected by inflows of Ukrainian refugees, which are to include the most affected region: CEB (Poland, Hungary, Slovakia, Croatia, Czech Republic, Estonia, Latvia, Lithuania, Slovenia), and Romania, Bulgaria and Moldova (“Affected Countries”).

EUR 2 billion refers to the Bank's ordinary resources, including, for the avoidance of doubt, the Bank's financing benefitting from donor guarantees, but otherwise excluding other donor funding. As the Framework is deployed, depending on needs, the size of Framework can be increased, subject to Board approval.

The Framework termination date will be on 31 March 2024, which can be extended subject to Board approval. The Framework, including performance against the results framework, will be submitted to the Board for regular review (semi-annually). At the time of such review, adjustments to any or all of the aspects of the Framework may be considered and submitted for the approval of the Board.

The impact of the war on Ukraine will be regularly reviewed: the list of Affected Countries under the Framework may be extended to other countries or reduced, depending on the evolving situation, subject to full Board approval and consideration.

For Ukraine, the Framework covers all sectors, with particular immediate focus on such areas as (i) energy security: gas purchase, electricity grid operations, and, when concrete cases arise, other fuel supplies; (ii) vital infrastructure: railways company operations and provision of financing to municipalities; (iii) food security: support to primary farming companies for the upcoming sowing campaign, to food retailers, and, to the extent possible, to exports of agricultural products; and (iv) support to pharmaceutical supply chain. [REDACTEED].

For the Affected Countries, the Framework covers mainly the areas of: (i) energy security; (ii) municipal and national infrastructure; and (iii) liquidity through the capital markets and financial intermediaries, with immediate focus on liquidity provision to maintain operations in challenging circumstances. In addition, the Framework, as a priority, will cover projects which directly address refugee challenges, going beyond the three aforementioned areas.

The Framework is putting into place expedited Board approval processes. To ensure the most efficient internal processing of Sub-projects under the Framework, Board approval is sought for the following, for application exclusively within the parameters of this Framework. It is proposed that:

Delegation:

- Sub-projects under this Framework will be delegated to Management for EBRD financing in an amount of up to EUR 25 million (including amounts of B-loans in case of A/B loans). Notwithstanding the above, Sub-projects categorised "A" under the Bank’s Environmental and Social Policy ("Category "A" Sub-projects”) will require full Board consideration regardless of the size of the Bank’s financing.

- Where a Sub-project may be approved on a delegated basis under the Framework, Management has delegated authority to approve the Sub-project including the use of donor-funded co-investment grants and co-financing or other donor-funded or donor-</td></tr>
</table>

[2] Article 27 of the AEB provides the basis for this decision.

	backed guarantee or risk sharing (either benefiting the Bank or the clients, in the form of a first loss cover, guarantee or otherwise) associated with such Sub-project. In such case, Management will also have delegated authority to approve the relevant donor-funded co-investment grants and co-financing or other donor-funded or donor-backed guarantee or risk sharing (the "Relevant Donor Co-financing"), provided that such delegated authority for approval of the Relevant Donor Co-financing shall be subject to the rules of the relevant donor fund or account which may provide for another approval process as regards the Relevant Donor Co-financing. For the avoidance of doubt, the donor's approval and the Bank's internal approval are parallel requirements for any use of donor funds by the Bank. - For Sub-projects under the Framework to be co-financed with other multilateral financial institutions and development support initiatives such as the EC Cohesion and Structural Funds, an exception from the use of the Bank's Procurement Policies and Rules ("PPR") as envisaged under paragraph 2.4 of the PPR may be required on a case by case basis. The delegated approval of a Sub-project referred to herein would apply to both the Sub-project financing and the related PPR exception for the procurement under such Sub-project. Any exception request would be reviewed by the procurement Policy and Advisory Department to ensure consistency with established practice as previously agreed with the Board. **Process amendments:** - Sub-projects for EBRD financing in an amount above EUR 25 million and up to EUR 50 million (including amounts of B-loans in case of A/B loans) shall be submitted to the Board for approval on a 5 working day no objection basis (for the avoidance of doubt, excluding Category "A" Sub-projects, which shall be submitted for full Board consideration with standard submission deadlines). - Sub-projects above EUR 50 million and up to EUR 200 million (including amounts of B-loans in case of A/B loans) will be submitted for full Board consideration. Standard submission deadlines will apply with the exception of sovereign projects, where the Board submission deadline will be aligned with standard public non-sovereign and private projects, which implies reducing it to 10 working days. - **Repurposing of loans and other financing:** For repurposing/change in the use of proceeds of committed and undisbursed amounts of loans and other financing under existing Bank's projects where the new use of proceeds and/or purpose are consistent with the use of proceeds and/or purpose of the Framework, then such change shall (to the extent that it constitutes a material change to an existing project requiring Board approval under the Bank's policy on *Material and Non-material Change (Projects), Approval and Reporting Procedure*s (the "Material Change Policy")) be submitted to the Board for approval on a 5 working day no objection basis. For the avoidance of doubt, the above repurposing of financing will be separate from the Framework, which is for new commitments. To complement the expedited Board approval process, Management will provide **informal updates** at the regular Board meetings at least monthly, covering ongoing activities under the Framework and generally the Resilience Package.
Client	Private clients, sovereigns, municipalities, municipal owned companies and other SOEs and financial intermediaries (including SOBs) in Ukraine and Affected Countries. The clients and beneficiaries will include existing and new clients.
Main Elements of the Proposal	<u>**Transition Impact – Primary Qualities:**</u> - EBRD financing is expected to support **Resilience**, by providing financing and other much-needed support to help clients weather the shock resulting from the war on

	Ukraine and with the key aim of mitigating negative impacts on energy and food security, or keeping economic activities going to the extent possible. - The Framework also supports **Inclusion**, by preserving the livelihoods and strengthening the human capital and adaptability of people and businesses directly or indirectly affected by the war. There is an urgent need to alleviate the social and economic pressures derived from the inflows of Internally Displaced Persons ("IDPs") in Ukraine and displaced people in Affected Countries, primarily women, children and elderly. **<u>Additionality</u>** - Terms: as a result of the war on Ukraine, the market for liquidity and long-term financing in Ukraine is nearly closed, and it is significantly constrained in the Affected Countries, with both local and international financial institutions tightening their risk appetite. - EBRD attributes: relevant experience in terms of financing of private or sub-sovereign clients including SOEs and SOBs, and sovereign and sovereign guaranteed operations in the target sectors. - Conditionalities: EBRD credit, transition impact and environmental related conditionalities go far beyond what commercial funding sources would require. Sub-projects will bring operational, financial and environmental performance improvements. - Standard-setting: Client seeks/makes use of EBRD expertise on higher inclusion and gender standards and/or equal opportunities action plans. **<u>Sound banking</u>** - The Bank will operate at all times according to its principles of sound banking, notwithstanding exceptional circumstances. [REDACTED].
Key Risks	- The outlook for the economy of Ukraine and Affected Countries is impossible to predict at present, but under any scenario it is clear that the ongoing war is inflicting huge economic damage. In Ukraine, there is significant physical damage to properties and widespread losses among companies. In the Affected Countries, the economic implications of possible post-war scenarios are likely to be serious for many of the countries. Even after the war, the persistent risk of another major escalation is likely to continue to have a significant impact on the investment climate and financing conditions. - For Sub-projects in Ukraine, there can be expected material challenges in project implementation, recognising damage to physical infrastructure, disruption to the country's governance, banking system and other implications of the war.
Strategic Fit Summary	The proposed Framework is aligned with securing transition gains achieved under relevant Sector and Country Strategies and Initiatives.

SUMMARY FACT SHEET

EBRD Transaction	A Framework of up to EUR 2 billion for financing to private clients, sovereigns, municipalities, municipal owned companies and other SOEs in Ukraine and nearby countries currently most affected by inflows of Ukrainian refugees, which are to include the most affected region: CEB (Poland, Hungary, Slovakia, Croatia, Czech Republic, Estonia, Latvia, Lithuania, Slovenia), and Romania, Bulgaria and Moldova ("Affected Countries"). EUR 2 billion will constitute Bank's ordinary resources, including, for the avoidance of doubt, Bank's financing benefitting from donor guarantees, but otherwise excluding other donor funding. As the Framework is deployed, depending on needs, the size of Framework can be increased, subject to Board approval. The impact of the war on Ukraine will be regularly reviewed: the list of Affected Countries under the Framework may be extended to other countries or reduced, depending on the evolving situation, subject to full Board approval and consideration. For **Ukraine**, the Framework covers all sectors (including but not limited to specific areas outlined below for the Affected Countries below). [REDACTED]. For **Affected Countries**, the Framework covers: (i) Energy Security. (ii) Municipal and National Infrastructure Services. (iii) Capital Markets transactions and Financial Intermediaries. In addition, in the Affected Countries, the Framework covers projects, which directly address refugee challenges, going beyond the three aforementioned areas. The Framework termination date will be on 31 March 2024. A further extension might be then considered and submitted for the approval of the Board. The Framework, including performance against the results framework, will be submitted to the Board for regular review (semi-annually). At the time of such review, adjustments to any or all of the aspects of the Framework may be considered and submitted for the approval of the Board. To complement expedited Board approval process, Management will provide informal updates at the regular Board meetings at least monthly, covering ongoing activities under the Framework and generally the Resilience Package, including update on work with donors [REDACTED]. The aggregation of results information from relevant Sub-projects (inputs and activity indicators, outputs and, to extent possible, client outcomes) will be done [REDACTED].
Client(s)	Private clients, sovereigns, municipalities, municipal owned companies and other SOEs and financial intermediaries (including SOBs) in Ukraine and Affected Countries. The clients and beneficiaries will include existing and new clients.

Eligible sectors	All sectors.
Type of instruments	All instruments will be eligible, including, without limitation, corporate and municipal loans and bonds, sovereign and sovereign guaranteed loans, including, amongst others, in the forms of working capital loans, liquidity facilities, standby credit lines, participations in syndicated loans/ bonds for refinancing at market terms, project finance loans, and capital markets instruments. For Financial Intermediaries, the instruments will also include, in addition to those mentioned above, senior and bail-inable instruments; risk sharing and guarantee instruments with partner financial institutions. Equity and quasi equity opportunities (including investments in equity funds) will be considered. It is envisaged that some Sub-projects will be in local currency.
AMI eligible financing	To be determined at the Sub-project level.
Project Description / Business Purpose	**<u>Ukraine</u>** As an immediate priority under the Framework, the Bank will seek opportunities to provide working capital, loans to clients, directly, and through financial intermediaries (via risk-sharing and other facilities with the latter) to support supply and production of vital and essential goods and services, as well as liquidity for private clients, and, as applicable, municipalities and SOEs. In the medium term, the Bank will also seek to support private clients, municipalities and SOEs with financing for Capex investments. All specific areas outlined below for the Affected Countries will also form part of the response for Ukraine. **<u>Affected Countries</u>** **Energy Security** As an immediate priority, the Bank will seek to support private clients and state- and municipality-owned utilities with, as applicable, short-term liquidity, balance sheet restructuring (which constitutes a new financing to the client), demand-side management and investment capex funding to address the financial strain arising from the increase in energy prices. In addition, the Bank will also provide long-term financing to support the diversification of energy sources in Affected Countries. This will include, but not be limited to, the deployment of renewable energy generation and the energy efficiency investments allowing to reduce the energy consumption. **Municipal and National Infrastructure** As an immediate priority, the Bank will seek to support the burden of additional infrastructure service requirements (e.g. water, wastewater, solid waste, district heating, electricity and gas distribution, transport, as well as (always subject to compliance with the Bank's policies and the Agreement Establishing the Bank) soft infrastructure, schools, child care centres, medical facilities) in the municipalities receiving or impacted by refugee inflows. EBRD will seek to provide short-term working capital loans, balance sheet restructuring (which constitutes a new financing to the client) and capex loans

	for municipalities, municipally owned companies, private clients and SOEs impacted by the refugee inflow. **Capital Markets transactions and Financial Intermediaries** As an immediate priority, the Bank will seek to support two main categories of projects: 1) Participate in capital markets transactions, both public offerings and private placements, for municipal, corporate or financial institutions, including senior and bail-inable instruments, with the Bank expected to be strongly additional. 2) Bilateral debt transactions with Financial Institutions, including bail-inable and senior debt, guarantee and risk sharing instruments, generally with targeted use of proceeds for support to refugee challenges, SMEs and businesses affected (whether directly or indirectly) by the war and other uses. Both categories of projects are expected to support clients' fundraising efforts in a challenging market environment, with a view to dealing with the immediate impacts of the war on Ukraine. Intermediated finance will play an important role in the provision of support to businesses (including SMEs) and consumers directly and indirectly affected by the war, thereby ensuring the preservation of their entrepreneurial and human capital. In addition, in the Affected Countries, as an immediate priority, financing of projects, which **directly address refugee challenges** including in such sectors as manufacturing and services and agribusiness, SMEs, property and tourism.
Use of Proceeds	**<u>Ukraine</u>** The proceeds of EBRD financing are anticipated for working capital lines (provided directly and through risk-sharing and other facilities with financial intermediaries) to finance general operating expenses (such as wages), procurement, among others, of raw materials, fuel, fertilisers and other production inputs necessary to support food security (particularly for crop sowing, maintenance and harvest), continuation of production, services and supply of critical and essential goods and products (e.g. in such sectors as pharmaceuticals, food processing, retail, logistics) to support livelihoods. For infrastructure clients: the Bank may provide liquidity support to private clients, and, as applicable, SOEs and municipalities, including emergency procurement of energy and spare parts, and also, in the longer term, financing for rehabilitation of critical transport infrastructure; for financial intermediaries: risk sharing, targeted SME lines, capital strengthening and optimisation; support businesses through intermediated finance; and consumer finance; generally, as applicable: working capital financing, refinancing, financing of essential and relocation capex, participation in debt capital market issuances. [REDACTED]. All specific areas outlined below for the Affected Countries will also form part of the response for Ukraine. **<u>Affected Countries</u>** **Energy Security** As an immediate priority, the proceeds of EBRD financing are anticipated to be used for short-term working capital needs, balance sheet restructuring

	(which constitutes a new financing to the client), short-term liquidity support, demand-side management and refinancing. In particular, the use of proceeds will be aiming at improving the energy security situation in Affected Countries as well as support private companies and state-owned utilities in managing the increase in energy demand and prices as a result of the refugee influx and the impact of the war on Ukraine on the energy prices worldwide. The Bank will also provide long-term Capex financing to support the diversification of energy sources in Affected Countries. **Municipal and National Infrastructure Services** As an immediate priority, the proceeds of EBRD financing are anticipated to be used for short-term working capital needs, balance sheet restructuring (which constitutes a new financing to the client), short-term liquidity support, refinancing and for capex investments, as applicable. Specifically, Bank's financing will support infrastructure service requirements (e.g. water, wastewater, solid waste, district heating, electricity and gas distribution, transport, as well as (always subject to compliance with the Bank's policies and the Agreement Establishing the Bank) soft infrastructure, schools, child care centres, medical facilities) resulting from or impacted by refugee inflows. **Capital Markets transactions and Financial Intermediaries** EBRD investments will be targeted for general liquidity needs and buffers for business continuity as well as for targeted uses of proceeds where possible and if the financing is for longer term. Capital markets transactions for financial institutions and corporates in critical and affected sectors (agribusiness, energy, municipal services, manufacturing and services, property and tourism, supply chain etc.), which will help address the effects of the war on Ukraine on companies and, where possible, on refugees. Facilities with Financial Intermediaries for financing of businesses, including targeted facilities tackling among others refugee employment, women in business, youth in business, (re)establishment of new businesses; financing to build client (sub-borrower) resilience; as well as consumer financing targeted at affected sub-borrowers, including refugees. In addition, in the Affected Countries, the Framework covers financing of projects, which **directly address refugee challenges,** going beyond the three aforementioned areas, with an immediate focus on financing projects, including in such sectors as manufacturing and services and agribusiness, SMEs, property and tourism, addressing implications of refugee flows on companies or on the city, region or country level.
Investment Plan	The total amount of the loans and other financing will be up to EUR 2 billion for EBRD's own account (being Bank's ordinary resources, including, for the avoidance of doubt, Bank's financing benefitting from donor guarantees, but otherwise excluding other donor funding), extended to private clients, sovereigns, municipalities, municipal owned companies and other SOEs and financial intermediaries (including SOBs) in Ukraine and Affected Countries.
Maturity / Exit / Repayment	[REDACTED]

Currency	Local currency, USD or EUR.
Interest rate	Fixed or floating.
Security	Secured or unsecured.
Financing Plan	EBRD Financing: EUR 2 billion (being Bank's ordinary resources, including, for the avoidance of doubt, Bank's financing benefitting from donor guarantees). Investment Grants, Contributions from Government Budgets and other donor financing will be determined for each Sub-project.
Key Parties Involved	- Private clients. - Municipal companies. - Municipalities/Cities. - State owned enterprises. - State owned banks. - State/Government. - Regional authorities. - Donors. - IFIs/DFIs.
Conditions to subscription / disbursement	- CPs will be determined individually for each Sub-project.
Key Covenants	- Compliance with EBRD's Environmental and Social Policies and Procedures and generally with the Agreement Establishing the Bank and the Bank's policies and procedures (save for the streamlining of processes set out in this Summary Fact Sheet). Standard covenants will be based on the operating, financial and technical capabilities of each borrower/counterparty. [REDACTED]
Security / Guarantees	- To be determined on an individual Sub-project level.
Other material agreements	- Grant agreements funded by relevant donors, including guarantees. - Other agreements to be determined for each Sub-project depending on the investment.
Client's financial standing	(1) Clients with strong business fundamentals; and (2) affected by the conflict.
Rational for EBRD involvement	EBRD support required to avoid long-term adverse consequences, including to business sustainability and reversals of transition impact.
Participation in capital markets instruments	[REDACTED]
Associated Donor Funded TC and Co-investment grants / concessional finance	[REDACTED] The TCs that are envisaged may focus on areas such as: - identification and management of impacts on vulnerable persons such as internally displaced persons and refugees, as well as potential refugee influx risks including gender/ gender-based violence and harassment ("GBVH") and labour risks in the supply chains;

	- support to facilitate refugee inclusion, integration and upskilling; - integrating GBVH prevention measures in projects; - strategic workforce management support to reskill and upskill the technical capacity workforce of energy companies to deal with the immediate impact of the war; - support to regulatory changes in the energy sector (e.g. market liberalisation, further integration of renewable sources) and of energy prices and tariffs incorporating social and just transition considerations; - support to financial institutions in designing/deploying non-financial services, such as platforms providing information to displaced entrepreneurs on business certifications, licensing and other legal requirements to start a business in the destination country; - support to financial institutions in deploying agile and digital solutions (including fintech) that make banking and credit more accessible, including to displaced persons; - TC for SMEs supporting livelihoods, including SMEs relocating from Ukraine to Affected Countries; - integrating green, social and sustainable into capital market issuances, and support creation of cybersecurity plans and specific cybersecurity investment to protect infrastructure delivery, in light of increased risks. TCs will be designed on a project-by-project basis to meet specific needs of the borrowers, sectors, countries and people. **Sources of donor funds** EBRD is actively working with donors to support the Bank's planned actions. Donors will be approached individually as well as part of planned events over the coming weeks and months, including the annual donor meeting, which will take place during Annual Meeting in Marrakech on 10 May 2022. [REDACTED]. Equally, the Bank will seek to redirect support towards the most urgent needs in Ukraine [REDACTED].
Process amendments	For the Sub-projects under the Framework, the following process amendments are proposed. - Sub-projects for EBRD financing in an amount above EUR 25 million and up to EUR 50 million (including amounts of B-loans in case of A/B loans) shall will be submitted to Board for approval on a 5 working day no objection basis (for the avoidance of doubt, excluding Category "A" Sub-projects which shall be submitted for full Board consideration with standard submission deadlines). - The Board submission deadline for sovereign projects submitted for full Board consideration to be aligned with public non-sovereign and private projects, which implies reducing it to 10 working days. - To permit the highly expedited preparation and approval of urgent projects, the President will be asked to approve a deviation from the disclosure requirements set out in the Directive on Access to Information, permitting delayed publication of PSDs for Sub-projects under the Framework, which require approval by the Board (excluding Category "A" Sub-projects) on case by case basis. For projects that, due to urgency, require a highly expedited project preparation and approval process, PSDs will always be issued as early as possible and (i) for private sector projects,

	not later than the date of the project approval; and (ii) for state sector projects, not later than the date of submission of the project to the Board of Directors for their consideration. Such deviation shall apply for the lifetime of the Framework.
Delegated investment amount	Up to EUR 25 million (including amounts of B-loans in case of A/B loans) to be delegated by Board to Management; provided that Category "A" Sub-projects will require full Board consideration regardless of the size of the Bank's financing. In addition: - In line with the Resilience Framework under the Covid-19 Solidarity Package, any exposure previously approved under other frameworks is not included in the above delegated approval threshold applied to this Framework. For the avoidance of doubt, Management can approve under this Framework a Sub-project with a client up to the above delegated amount notwithstanding any other exposures with such client as may have been approved by Management on a delegated basis under other frameworks. - The above delegated approval thresholds refer to the Bank's ordinary resources (including, for the avoidance of doubt, Bank's financing benefitting from donor guarantees but otherwise excluding any other donor funded amounts). - For Sub-projects under the Framework to be co-financed with other multilateral financial institutions and development support initiatives such as the EC Cohesion and Structural Funds, an exception from the use of the Bank's Procurement Policies and Rules ("PPR") as envisaged under paragraph 2.4 of the PPR may be required on a case by case basis. The delegated approval of a Sub-project referred to herein would apply to both the Sub-project financing and the related PPR exception for the procurement under such Sub-project. Any exception request would be reviewed by the procurement Policy and Advisory Department to ensure consistency with established practice as previously agreed with the Board.
Investment size requiring OpsCom and Board approval	Above EUR 25 million (including amounts of B-loans in case of A/B loans). 5 working day no objection approval for Sub-projects above EUR 25 million and up to EUR 50 million (for the avoidance of doubt, other than Category "A" Sub-projects, which shall be submitted to Board for full Board consideration). Sub-projects above EUR 50 million up to EUR 200 million will be submitted for full Board consideration.
Max investment amount (for the new finance)	Operations up to EUR 200 million (including amounts of B-loans in case of A/B loans).
Grant/Blended financing	[REDACTED]

	- Where a Sub-project may be approved on a delegated basis under the Framework, Management has delegated authority to approve the Sub-project including the use of the inclusion of donor-funded co-investment grants and co-financing or other donor-funded or donor-backed guarantee or risk sharing (either benefiting the Bank or the clients, in the form of a first loss cover, guarantee or otherwise) associated with such Sub-project. In such case, Management will also have delegated authority to approve the relevant donor-funded co-investment grants and co-financing or other donor-funded or donor-backed guarantee or risk sharing (the "Relevant Donor Co-financing"), provided that such delegated authority for approval of the Relevant Donor Co-financing shall be subject to the rules of the relevant donor fund or account which may provide for another approval process as regards the Relevant Donor Co-financing. For the avoidance of doubt, the donor's approval and the Bank's internal approval are parallel requirements for any use of donor funds by the Bank.
Cancellation of approved Sub-projects	Amounts cancelled from approved but not committed financing or from committed financing (prior to first disbursement of the respective commitment) will be added back to the available headroom under the Framework.
Repurposing of loans and other financing	For repurposing/change in the use of proceeds of committed and undisbursed amounts of loans and other financing under existing Bank's projects where the new use of proceeds and/or purpose are consistent with the use of proceeds and/or purpose of the Framework, then such change shall (to the extent that it constitutes a material change to an existing project requiring Board approval under the Material Change Policy) be submitted to the Board for approval on a 5 working day no objection basis. For avoidance of doubt, the above repurposing of financing will be separate from the Framework, which is for new commitments.

[REDACTED]

INVESTMENT PROPOSAL SUMMARY

1. STRATEGIC FIT AND KEY ISSUES

1.1 STRATEGIC CONTEXT

The war of aggression by the Russian Federation and Belarus on Ukraine and its people is a human and geopolitical catastrophe which strikes to the heart of Europe. It is already having a huge impact on Ukraine and on neighbouring countries. The Bank will step up with renewed resolve and calm professionalism, delivering on its mandate, mission and operating principles. The times ahead are highly uncertain, and the EBRD must remain flexible, streamlined and nimble, retaining a clear and sober focus on delivery and sound banking, in the interests of all its countries of operations.

The EBRD stands with the people of Ukraine, and it stands in support of its Ukrainian authorities, clients, stakeholders, staff and consultants.

The war is having a huge toll on Ukraine. The crisis has also severe global impacts, with particular destabilising effects on EBRD countries of operations in the surrounding region. Substantial movements of refugees, especially women, children and the elderly, will place stress on municipal services in reception countries taking generous measures to welcome them. The preservation and generation of livelihoods is a critical challenge, made more difficult by darkened economic prospects across the region. There is potential for additional disruptions.

The war fundamentally challenges the Bank's foundational values of peaceful and sustainable economic cooperation and affects Board, Management and staff of all nationalities from whose efforts these values are realised.

The EBRD is stepping up to meet the profound strategic and operational difficulties and uncertainties ahead, relying on its strengths: the professionalism, commitment and cohesion of its staff; a robust, resilient and comprehensively tested financial position; and its core operating principles of sound banking, transition impact and additionality. The EBRD is continuing to deliver its mandate in the service of peace, freedom and sustainable development, implementing the mission its shareholders set out in the Strategic Capital Framework 2021-2025, and responding to both short and longer-term impacts of the war, across its countries of operations.

The war has also catalysed a profound reassessment of energy security. The combination of high and volatile hydrocarbon prices and reduced reliance on Russian energy supplies will lead to a major focus on reducing consumption, diversifying hydrocarbon sources and decarbonisation. Energy security and decarbonisation are now completely aligned, accelerating a decarbonisation agenda that was already moving rapidly. This shift is reflected in the European Commission's 8 March 2022 REPowerEU Communication, which envisages reducing EU gas consumption by 155 BCM by 2030, compared to the already ambitious 100 BCM target proposed in the 2021 Fit for 55 package.

As set out in the EBRD's new Equality of Opportunity Strategy ("EOS"), the EBRD is committed to supporting people and regions affected by sudden shocks, including violence and conflict, by preserving their livelihoods and strengthening their human capital resilience. This applies to people and companies both in Ukraine as well as in the Affected Countries, in order to safeguard the basic needs and economic livelihoods of all those affected by the conflict – including refugees, IDPs as well as hosting communities.

In order to efficiently and effectively respond to the current situation, the Bank has developed a EUR 2 billion Resilience and Livelihoods ("RL") Framework ("Framework") designed to streamline processing and approval of the response to the war on Ukraine. The Framework is part of the War on Ukraine - EBRD Resilience Package, which was endorsed by the Board of Directors on 9 March 2022 ("Resilience Package").

This is an initial step and, as this Framework starts to be deployed and its results are being reviewed, a further increase might be considered and submitted for the approval of the Board depending on the needs.

The Framework will provide a suite of instruments to provide fast support to Ukraine, Affected Countries, and Ukrainians most affected by the crisis, including those who have been displaced, mostly women, children and the elderly. For Ukraine, it covers all sectors, including, but not limited to, those specific areas outlined for the Affected Countries below. For the Affected Countries, the Framework covers mainly the areas of (i) energy security; (ii) municipal and national infrastructure; and (iii) liquidity through the capital markets and financial intermediaries. In addition, the Framework will cover projects which directly address refugee challenges, going beyond the three aforementioned areas.

It is envisaged that immediate priorities for Ukraine are:

- Energy Security: gas purchase, electricity grid operations and, when concrete cases arise, other fuel supplies.
- Vital infrastructure: railways company operations and provision of financing to municipalities.
- Food security: support to primary farming companies for the upcoming sowing campaign (including directly and through risk sharing structures), to food retailers and, to the extent possible, to exports of agricultural products.
- Support to pharmaceutical supply chain: through provision of liquidity support.

The Bank is also repurposing and, when needed, recalibrating our policy engagement activities (e.g. Ukraine Reform Architecture ("URA") and Business Ombudsman Council) to respond to emergency needs and prepare for the reconstruction phase.

In addition, as an immediate priority, for Ukraine and Affected Countries the Bank is taking a constructive approach to forbearances/restructuring in the private sector and in the sub sovereign sector and repurposing, as mentioned under the Resilience Package, to allow clients respond to changing circumstances.

The Framework will be consistent with the Bank's commitment to Paris Alignment and Fossil Fuel Approach.

It is intended to deploy the RL instruments in Ukraine and in countries directly affected by inflows of Ukrainian refugees, which are to include the currently most affected region: CEB (Poland, Hungary, Slovakia, Croatia, Czech Republic, Estonia, Latvia, Lithuania, Slovenia), and Romania, Bulgaria and Moldova ("Affected Countries").

The Bank will operate at all times according to its principles of market pricing and sound banking, as well as in compliance with the Agreement Establishing the Bank and the Bank's policies.

[REDACTED]. The Framework focuses on addressing immediate needs, both in Ukraine and Affected Countries. Once the necessary conditions are in place, including a cessation of hostilities, a stable security environment, international community underpinning of the country's FX reserves, and a needs assessment, the Bank will propose an ambitious **Reconstruction Package for Ukraine** in close partnership with the Government of Ukraine, G7, EU, and other donors, as well as other IFIs/DFIs.

The proposed Framework is aligned with securing transition gains achieved under relevant Sector and Country Strategies and Initiatives.

1.2 APPROACH

This Framework rests on three attributes: (i) EBRD strengths: the Bank will build on its strengths, combining investments with policy engagement, and will not seek to occupy new ground other than to exercise that role (in complementarity to the broader international development architecture); (ii) Simplicity in the face of rapidly unfolding and complex situations, targeted and rapid provision of the tools we know work is the most efficient and effective way of delivering impact particularly in the short term; and (iii) Flexibility, with the capacity to adjust to unforeseeable events.

The Framework uses an adjusted toolkit: just as the operations of the Bank are redirected to the conflict, so must be its organizational tools and resources. Sound banking, compliance standards and transition impact will continue to be applied without compromise, with implementation changes necessitated by conditions. Rapid provision of financing is needed in the emergency. In line with its mandate, the Bank will continue to mobilise additional investment.

The Framework builds on the experience of the Covid-19 Solidarity Package, taking into account lessons learned, among others strengthening collaboration with other IFIs/DFIs, setting specific results framework – as well as recognising that in the current circumstances it might be necessary to move beyond liquidity provision, and allowing financing of Capex investments where required.

Management will continue close engagement with the Board on the Framework, providing regular updates to the Board with respect to areas that are critical for implementation of the Framework, including: progress with securing donor funds; [REDACTED] coordination with the EIB, WB, IFC, other IFIs/DFIs and UNHCR and other humanitarian agencies.

Specifically:

- The Framework, including performance against the results framework, will be submitted to the Board for **regular review (semi-annually)**. At the time of such review, adjustments to any or all of the aspects of the Framework may be considered and submitted to the approval of the Board.
- Management will provide **informal updates** at the regular Board meetings at least monthly, covering ongoing activities under the Framework and generally the Resilience Package.

There will be a constant process of engagement and response to the countries of operations: the Bank's close engagement with CoO authorities, business leaders and civil society, and its network of Resident Offices, provide deep institutional resilience and relevance in the face of rapidly unfolding events. To ensure agility, and in line with the EvD recommendations following review of the Covid 19 Solidarity Package, the Bank will establish clear external and internal communication strategy with respect to the Framework as well as regular feedback mechanism to get ongoing feedback from the clients and bankers active in Ukraine and Affected countries. The EBRD will demonstrate that it is an active partner of states under stress. EBRD partnerships will also be to the fore, with focused joint responses across partner IFIs/DFIs and notably with the G7, EU, the EIB, IFC and other partners. [REDACTED].

In terms of donor engagement, EBRD is actively working on securing funds for work in Ukraine and in Affected Countries. Among others, the Bank is appealing to G7, EU and other donors to support its work in Ukraine, by contributing to its various existing donor funds, and looking at donor-guaranteed projects in Ukraine. [REDACTED].

Equally, the Bank will seek to redirect support towards the most urgent needs in Ukraine [REDACTED].

Management will further update the Board with respect to donor availability and donor funding that is required for implementation of the Framework during updates at the regular Board meetings, ensuring donors have as much information as possible about funding needs, mechanisms, timelines, and complementarity with other IFIs/MDBs.

Policy engagement and technical assistance will be an important component of the support package, complementing investments. Within Ukraine, the URA has been repurposed and will be strengthened to address the immediate crisis management needs of the government, including supporting humanitarian efforts. The Ukraine Business Ombudsman Council programme has also been enhanced with new initiatives to address cross-border refugee flows and supporting Ukrainian businesses adversely affected by the war. In the Affected Countries, the Bank is expected to deploy Rapid Advisory Response ("RAR"), successfully implemented as part of the Covid-19 Solidarity Package, to provide immediate expertise needed for public institutions, municipalities, and enterprises to manage the crisis, including supporting the needs of refugees and IDPs, ensure provisions of vital services, and maintaining energy, cyber, and food security. For the medium term and when conditions permit, a more substantial policy advisory and technical assistance programme to support the Ukrainian government's reform agenda, as well as maintaining reform momentum in Affected Countries, is envisaged. (Please see Annex 1)

1.3 TRANSITION IMPACT

The overall objective of the Framework is to help sustain the provision of services and safeguard business activities in Ukraine and the Affected Countries, with the ultimate goal of preserving livelihoods. The war on Ukraine is generating a widespread economic shock. In Ukraine economic activity is substantially impaired by the armed conflict. In the Affected Countries negative shocks are expected to propagate across a number of direct and indirect channels, including pressures on public services due to influx of displaced people, challenges related to the supply chains for sectors that had previously worked with Ukrainian suppliers or clients, difficulties in procurement of energy resources and logistical challenges due to disruptions in transportation or communication services.

The Framework is expected to support Ukraine and the Affected Countries through two primary transition qualities. Firstly, EBRD financing is expected to support **Resilience**, by providing financing and other much-needed support to help clients weather the shock and with the key aim of mitigating negative impacts or keeping economic activities going to the extent possible. There is a wide range of sectors and businesses where resilience can be enhanced by the EBRD financing – energy security through procurement of gas or electricity, operational resilience to municipalities and infrastructure providers to continue to deliver key economic services and corporates. EBRD financing could mitigate food security concerns through providing short-term financing to agribusiness traders, processing companies and food retailers in response to disruptions to food supply chains, increased price volatility of commodities, and difficulties accessing short-term financing from local markets. EBRD's financing in favour of corporates, SMEs and financial intermediaries may also address liquidity shortages, facilitate financial restructurings and ultimately support the clients in weathering the shock to their business activities and financial performance.

The Framework also supports **Inclusion**, by preserving the livelihoods and strengthening the human capital and adaptability of people and businesses directly or indirectly affected by the war. There is an urgent need to alleviate the social and economic pressures derived from the inflows of IDPs in Ukraine and displaced people in Affected Countries, primarily women, children and elderly. This includes the support for housing, education, healthcare; the provision of basic utility and vital public services, such as electricity, heating, water and waste water, as well as integrating IDPs and displaced people into the labour markets. Through direct investments and intermediated finance, the Bank will also support SMEs, to preserve entrepreneurial capital, as well as the human capital of their employees, not giving rise to "stranded skills". Also, specific workforce management measures will be offered to businesses and municipal authorities in Ukraine to tackle critical workforce challenges caused by staff relocation, losses and attrition, including urgent workforce mapping, reskilling and upskilling and eventually the reintegration of the workers returning to Ukraine.

Some Sub-projects under the Framework – particularly Capex focused transactions – might lend themselves to supporting other transition qualities than Resilient or Inclusive and this will be recognised in the suitable context of each transaction.

Given the need for speed and simplicity, a simple approach to transition qualities is taken for transactions under the Framework. The suitability/choice of Resilient or Inclusive transition quality as a primary quality is described in Annex 2.

Transition Impact Rating approach (please see Annex 2 for more details)

A simple matrix structure will be applied to cover the range of activities under the Framework. The key features of the approach are:

- The **Ukraine sub-programme**, expected to be open to all the sectors in the sub-programmes but for financing in Ukraine, will score a higher baseline score of 65 with the option of a score of 70 for two quality Sub-projects.
- **A single transition quality approach** available for both the Liquidity and Capex - with either Resilient or Inclusive as the core quality, depending on the nature of the sub-programme. Guidance on the choice of quality is provided in Annex 2.
- **A flexible approach for the Capex (with either one or two qualities)** with an option of two transition qualities to account for possible wider impacts deriving from the Capex or side policy/TC support that can be more suitably developed in the longer Capex time-frame.

- **A flexible approach for the Intermediated Finance**, focused on providing financing or capital to businesses through financial intermediaries and/or equity funds.
- **A fixed ETI score** to ensure simplicity, taking into account the common thrust across all sub-programmes of *sustaining* (basic) economic services in the affected regions.[3]

Beside the single quality ETI, in a two quality approach a higher ETI score compared to the basic single quality approach in warranted (+5 ETI points), typically expected to reflect policy efforts. For Capex, the second quality could be any of the other five transition qualities not used as a primary quality, but with objectives most likely expected to be set around policy objectives.

ETI scoring of the Framework

Number of TQs / Geography	Projects with a single Transition Quality	Projects with two Transition Qualities
Ukraine and non-EU countries (e.g. Moldova)	**65**	**70**
EU countries	**60**	**65**

1.4 ADDITIONALITY

Summary of additionality features

Additionality dimension	Verification and/or counterfactual results	Timing
Terms	As a result of the war on Ukraine, the market for liquidity and long-term financing in Ukraine is nearly closed, and it is significantly constrained in the Affected Countries, with both local and international financial institutions tightening their risk appetite.	During project preparation.
EBRD attributes	Relevant experience in terms of financing of private or sub-sovereign clients including SOEs and SOBs, and sovereign and sovereign guaranteed operations in the target sectors.	Project preparation and implementation.
Conditionalities	EBRD credit, transition impact and environmental related conditionalities go far beyond what commercial funding sources would require. Sub-projects will bring operational, financial and environmental performance improvements.	Project implementation.
Standard-setting	Client seeks/makes use of EBRD expertise on higher inclusion and gender standards and/or equal opportunities action plans.	Project implementation

[3] This is contrast with regular Bank operations that focus on more sophisticated market building objectives.

1.5 SOUND BANKING - KEY RISKS

Risks	Probability / Effect	Comments
Macroeconomic risk	High/ High	The outlook for the economy of Ukraine and Affected Countries is impossible to predict at present, but under any scenario it is clear that the ongoing war is inflicting huge economic damage. Hard-won gains in macroeconomic stability could soon be under threat from widening fiscal and external financing gaps. In Ukraine, there is significant physical damage to properties and widespread losses among companies. In the Affected Countries, beyond the immediate short term, the economic implications of possible post-conflict scenarios are likely to be extremely serious for many of the countries. Even after the war, the persistent risk of another major escalation is likely to continue to have a devastating impact on the investment climate and financing conditions.
Borrower Risk	High/ High	Beyond the macroeconomic risk, market and other risks facing borrowers have increased as a result of the war, both in Ukraine as well as in the Affected Countries. Many companies are facing physical damage to their properties and losses, thus exposing the Ukrainian banking sector to a drastic deterioration of asset quality. In the Affected Countries, among others, higher energy prices and supply disruptions are likely, with consequences leading into the next winter; trade and supply chain disruptions can be expected; and there could be second-round effects linked with the extreme crisis arising as a result of sanctions in Russia.
Project Implementation and Procurement Risk	High/ High	For Sub-projects in Ukraine, there can be expected material challenges in project implementation, recognising damage to physical infrastructure, disruption to the country's governance, banking system and other implications of the war. The risk associated with Sub-project implementation in the Affected Countries can be assed as Low/Low.
Foreign Exchange Risk	Medium/ Medium	It is envisaged that some of the loans will be in local currency with limited exchange rate risk to the borrowers. Exchange rate sensitivities will be carried out for Sub-projects as relevant.

2. MEASURING / MONITORING SUCCESS

The comprehensive results framework for the Framework (Annex 3) has been developed based on Theory of Change (Annex 4). The results framework covers inputs and immediate results (outputs) expected to be achieved by operations under the Framework, but importantly focuses on identifying intermediate (client level) and higher-level outcomes (on market and economy level) that the Framework will be contributing to.

Relevant output and client-level outcome indicators will be selected for a Sub-project based on objectives pursued (in line with transition impact approach described above). Specific details, baselines, targets and implementation timeline will be described as relevant. These outputs and outcomes will then be monitored as part of a regular TIMS process.

Progress with performance, inputs and activities will be reported as part of monthly informal updates. More detailed reporting on the results framework (including on outputs and, to extent possible, client outcomes) will be provided semi-annually. Given the complex nature of measuring higher level outcomes and time needed to pass to observe any change on that level, market and country level outcomes will be subject to deeper assessment at the completion of the Framework implementation only.

3. KEY PARTIES

3.1 BORROWERS

The Borrowers under the Framework will be private clients, municipalities and municipally owned companies, SOEs, financial intermediaries (including SOBs) and states. A detailed description of each Borrower will be provided at the Sub-project level.

3.2 GUARANTORS

For guaranteed transactions, the State, Municipality or a private/public sector Sponsor, as applicable, will act as a Guarantor.

4. MARKET CONTEXT

4.1 UKRAINE

- The outlook for the economy of Ukraine and neighbouring countries is impossible to predict at present, but under any scenario it is clear that the ongoing invasion of Ukraine is inflicting huge economic damage. Hard-won gains in macroeconomic stability could soon be under threat from widening fiscal and external financing gaps. Delays in servicing external debt are very likely. Many companies are facing physical damage to their properties and likely widespread losses, thus exposing the Ukrainian banking sector to a drastic deterioration of asset quality. Physical infrastructure is being destroyed in various parts of Ukraine. With so many people fleeing to neighbouring countries, any resumption of business activity post-conflict could quickly be hampered by labour shortages. In addition, there are fears of major disruptions to the banking and payment systems, as some displaced persons have already lost access to their bank accounts.

- It is vital for the Ukrainian financial sector to continue playing its critical role in serving needs of the Ukrainian population and its economy. EBRD is well placed to address emerging country needs given its strong relationships with the key players in the Financial Sector and has well established products that can be quickly deployed. The businesses, especially SMEs who make 90% of all enterprises in Ukraine, will require bank financing in order to continue operating and trading. Ukrainian financial institutions' lending capacity will be constrained due to capital erosion through the crisis, therefore the Bank's liquidity support to SMEs and other firms through the financial sector and capital markets to meet the demand of Ukrainian businesses for emergency funding and working capital will be crucial.

- Ukraine is the fifth largest exporter of wheat contributing up to 10% of global grain supply. Ukraine is also the largest sunflower oil and meal exporter globally, the third largest maize and rapeseed exporter, and the fourth largest barley exporter. According to estimates, around 50 countries depend on Russia and Ukraine for 30% or more of their wheat supply. Many of them are least developed countries or low-income, food-deficit countries in Northern Africa, Asia and the Near East. In addition, countries in the region such as Moldova, Serbia and Hungary are already imposing export bans on grains, exacerbating the situation. Disruption of sowing campaign in Ukraine will cause serious food security issue globally and significant impact on Ukrainian economy as 40% of export revenues are coming from agri produce sales.

- Pharmaceutical industry is currently one of the key vital sectors of Ukrainian economy providing Ukrainian hospitals and pharmacies access to essential medicines. There is a shortage of medicines in most parts of the country with the most significant being at the eastern side where the most intense fights are taking place. The industry is suffering from delays in receivable payment because of the difficulties with collecting payments from distributors and pharmacies.

- Historically, all fuel supply to Ukraine was going from Belarus, Russia and via Black Sea ports. For today all these supply routes are blocked. It is essential to launch a new fuel supply route to Ukraine from Romania, Poland and Slovakia. The war on Ukraine is having a serious impact on trade flows and supply chains in Ukraine, resulting in serious disruptions and delivery of essential goods, food, products.

- As part of the technical assistance to accompany the reconstruction, the Bank could seek to develop and offer "damage and reconstruction assessments" – to support key network infra providers and cities on the assessment and prioritisation of rehabilitation and reconstruction for future financing. This could be linked to the restructuring of existing commitments with major infrastructure sector clients and affected municipalities where appropriate. In the longer term, there may also substantial additional financing needs related to the loss of key infrastructure and strategic assets such as ports, airports, and connecting road and rail infrastructure vital for the country's agricultural and export sectors.

- Immediate advisory support will also be provided to help the Government of Ukraine manage the immediate crisis, including the repurposing of the Ukraine Reforms Architecture. The Reform Support Teams now mainly focused on (i) managing a hotline for humanitarian assistance; (ii) supporting customs services and facilitating transport of humanitarian aid; (iii) assessing infrastructure damage; (iv) disseminating reliable information to the population to counter Russian misinformation; (v) coordinating cross-border efforts to ensure online education of Ukrainian refugees; (vi) developing plans for reconstruction of the economy. The Business Ombudsman programme has also been enhanced to include additional initiatives to: (i) assist Ukrainian exporters and importers and facilitate supply of essential goods and medical supplies– in conjunction with the Polish Ombudsman; (ii) provide helpline to support Ukrainian businesses affected by the war; (iii) prepare a roadmap for Ukrainian businesses to seek redress for damages inflicted by the war (please see more details in Annex 1).

4.2 AFFECTED COUNTRIES

- Beyond the immediate short term, the economic implications of possible post-conflict scenarios are difficult to assess at present but are likely to be extremely serious for many of the Affected Countries. Even after the war, the persistent risk of another major escalation is likely to continue to have a devastating impact on the investment climate and financing conditions.

- There are several channels through which the Affected Countries could be affected by the war on Ukraine and related Russia sanctions:

  1) A huge refugee influx is putting an increased burden on government financing for schooling, healthcare and housing, and would significantly increase risk for vulnerable people and bring severe inclusion and gender (including GBVH) challenges;
  2) Higher energy prices and supply disruptions are likely, with consequences leading into the next winter, especially for the most exposed countries (Slovakia, Latvia, and Estonia). In the longer term, this could result in pressures to increase energy independence and investment in renewables and nuclear energy.
  3) Trade and supply chain disruptions can be expected, in particular in such countries as Latvia and Lithuania, and especially in the car industries of the Slovakia and Hungary.
  4) Prices of food and other essential goods are likely to rise.
  5) There could be second-round effects linked to the extreme crisis which as a result of sanctions is currently developing in Russia.
  6) Increased geopolitical risks will put strain on the capital markets in the CEB region and beyond and put pressure on local currencies in Affected Countries.

ENERGY SECURITY

- The energy sector in the Affected Countries is expected to face major challenges as a result of the war on Ukraine. This puts at risk the provision of vital energy services (including the supply of gas, fuel and electricity), and ultimately negatively affects the livelihoods of the people affected by the conflict.
- The main challenge comes from Europe's reliance on Russia for natural gas supply, which in countries with ambitious decarbonisation plans currently plays a key role in balancing the electricity grid and providing stable base load. The implication on shortage of natural gas supply could affect the ability of Affected Countries (and beyond) to deliver on their decarbonisation targets if no alternative mitigation measures are in place.
- A number of Affected Countries (notably the Baltic countries) electricity grid are still synchronised with the BRELL (Belarus, Russian, Estonia, Latvia, and Lithuania) system, thus representing an important energy security issue that will need to be addressed as a matter of priority.
- The influx of refugees to the Affected Countries will exacerbate the energy sector challenges and contribute to even higher electricity prices on the medium term. This will require measures to protect vulnerable customers and preserve the supply of affordable energy services, to prevent major increases in inequality across the region. EBRD investments into energy security, diversification of energy sources, and stronger interconnectivity with EU energy grids, will help maintain reliable and affordable household supply of vital energy services to sustain livelihoods of people in Ukraine during the ongoing heating season through emergency energy purchases to compensate for loss of natural gas production.

- To respond to the above challenges, the Bank's support will therefore be needed for the diversification of gas supply to Ukraine and the Affected Countries, including reverse flows on the existing cross-border gas transmission infrastructure, strengthened grid integration with the EU, upgrade of gas storage capacity, including potential new LNG terminals, upgrade of gas pipelines including grants for diversification into blending with low-carbon gases or low-carbon hydrogen. This financing can be coupled with strategic workforce management support to reskill and upskill the technical capacity of energy companies to deal with the immediate impact of the conflict and hasten the shift towards digitalisation and green energy transition.
- The crisis also reinforces the importance and value of measures to reduce energy consumption and accelerate diversification away from hydrocarbons. It is likely to prompt faster growth in already mature renewable sectors, in turn prompting significant network investment needs, as well as accelerating earlier stage markets such as electric vehicles, heat pumps and industrial decarbonisation. Building on its existing strengths the Bank may play a key role in promoting these developments in a time when commercial financing for these capital-intensive investments may be constrained.
- Strengthening and accelerating the electricity grid integration with the EU for Ukraine and the relevant Affected Countries, as well as accelerating the deployment of renewable energy generation including supporting projects relying on innovative structures (e.g. commercial PPAs) or partial or full merchant exposure will be another key priority for the Bank.
- The Bank's support is also expected to include liquidity support to private or state-owned utilities, which are still recovering from the financial impact of Covid-19 and have a key role to play as employers of a significant workforce. This is now exacerbated by the surge in energy demand and prices at a time when end users will be struggling with affordability and accordingly collection and recovery is expected to be affected in the short and medium term for utilities. It could also be considered for private power producers to help them accelerate the deployment of their renewable pipeline to increase energy security and support the green energy transition.

MUNICIPAL AND STATE INFRASTRUCTURE

- Large-scale cross-border movements of people are expected to severely affect the wider region. As set out in the EBRD's new EOS, the EBRD is committed to supporting people and regions affected by sudden shocks, including violence and conflict, by preserving their livelihoods and strengthening. To respond to these challenges, EBRD will seek to support the burden of additional infrastructure service requirements (water, wastewater, solid waste, DH, electricity and gas distribution, municipal transport, as well as, as possible, soft infra, schools, child care centres, medical facilities) in the municipalities receiving refugees and IDPs.
- Municipalities will also feel the impact of rising fuel prices, particularly in district heating, urban transport and water companies and second, local municipalities are often using own funds to provide immediate emergency services for incoming refugees. This Bank's liquidity support will be designed to create alternative livelihoods and essential services for displaced persons as well as their host communities. They will also support companies that might come under strain on liquidity and implementation of investment programs from the increased tax burden (including windfall taxes) that they face as Government's are seeking additional ways to raise revenue.

- The Bank will continue to provide capex investments in line with existing strategies for Transport and MEI, country strategies, whilst recognising the new challenges and priorities created by the conflict for Ukraine and its neighbouring countries both now and in the medium and longer term – including the need to support refugees and displaced persons in line with the Bank's recent EOS, which operationalises aim to address inequalities and 'preserve livelihoods that are threatened as a result of shocks, including conflict'. This may include investments in municipal service provision, childcare infrastructure, GBVH prevention, and housing. Furthermore, investments in digital infrastructure, particularly mobile networks, may be required to ensure networks can accommodate surges in demand and ensure stability of service provision. It will also be important to address cyber security arising in the new environment.
- EBRD will also seek, where possible, to complement other IFIs/DFIs and focus on smaller cities which have less access to IFI/DFI financing well as existing clients.

CAPITAL MARKETS/FINANCIAL INTERMEDIARIES

- The war on Ukraine has sent shock waves across capital markets globally and essentially paralysed already fragile capital markets in the Affected Countries. The challenges of shallow markets, low liquidity, volatile international investor base, that EBRD has been trying to address over the past years, are now further exacerbated with planned issuances largely pulled out of the market or postponed.
- Access to capital markets is key for the healthy functioning of financial markets and robust corporate and financial sector. Banks, in particular, depend on capital market access to raise capital and funds needed to meet both long term funding needs as well as regulatory requirements. EBRD is highly additional in capital markets transactions in the current market conditions.
- The economies of the Affected Countries will be facing mounting challenges in the coming months. Business will need to adjust to the new realities and having targeted support for SMEs and companies in the critical sectors, including those producing vital goods, will be crucial to keep the backbone of the economies intact and safeguard livelihoods. Businesses will have increased need for working capital loans as well as longer-term support. In addition, heightened importance of energy and food security as well as pressure on infrastructure, call for targeted financing for agri-business, municipality as well as GET/green, social and sustainable projects. Such targeted financing solutions should be considered, in combination with appropriate TC, incentive and risk protection package.
- Financial intermediaries will play a pivotal role in supporting the preservation of livelihoods through the provision of much-needed financing to affected businesses. Businesses may close with detrimental effects on human capital resilience, giving rise to pockets of "stranded skills", and lay-offs among the workforce will result in loss of livelihoods. Credit lines and advisory can thus support entrepreneurs and businesses directly and indirectly affected by war. Directly affected businesses may include businesses operating in Ukraine, businesses that relocated to neighbouring countries, or businesses based in Affected Countries with offices/production facilities in Ukraine, which were impacted or closed. Indirectly affected businesses may include those in Affected Countries that have been adversely impacted by supply chain disruptions, as well as businesses that were impacted by workforce changes.
- The financial intermediaries, banks in particular, will be facing pressures on multiple fronts. Immediate impacts are visible in form of liquidity pressures in some cases, and

effectively complete shutdown of capital markets for new issuances. Deteriorating economic and business environment, with subdued growth opportunities and increased credit risks will ultimately put pressure on profitability and internal capital generation capacity. At the same time regulatory expectations and ambition will continue, including phase in of MREL targets, increased focus on climate risk management and operational, AML and cyber security risks. In these circumstances, EBRD's ability to provide a wide range of financing instruments makes it well placed to support the banks and other financial intermediaries to maintain robust capital position, agile balance sheet structure, and to continue their lending activities to the real economy.

ADDRESSING REFUGEE IMPACTS THROUGH OTHER SECTORS

- The refugee crisis has destabilising effects on the Affected Countries, with substantial movements of refugees placing stress on services and livelihoods in reception countries. A range of sectors, including manufacturing and services, agribusiness, SMEs, property and tourism, in the Affected Countries are well placed to help countries better address sudden inflow of refugees. This applies to people and companies in the Affected Countries, and EBRD engagement in this areas can allow to safeguard the basic needs and economic livelihoods of all those affected by the conflict – including refugees as well as hosting communities.

5. FINANCIAL / ECONOMIC ANALYSIS

5.1 FINANCIAL PROJECTIONS

For each Sub-project under the Framework, a financial analysis, financial projections and sensitivity analyses will be conducted. Approval will be sought for each project based on the client's or sponsor's creditworthiness, debt capacity and other merits.

5.2 PROJECTED PROFITABILITY FOR THE BANK

Projected profitability will be calculated and presented separately for each Sub-project.

6. OTHER KEY CONSIDERATIONS

6.1 ENVIRONMENT AND SOCIAL

The Framework is not categorised; however, each Sub-project under the Framework will be categorised and will undergo separate Environmental and Social Due Diligence ("ESDD"). Every effort will be made to make sure Sub-projects under this Framework achieve the highest possible environmental and social standards in line with the EBRD's Performance Requirements. As part of the ESDD the Bank will have a specific focus on identification and management of impacts on vulnerable persons such as internally displaced persons and refugees, plus assess potential refugee influx risks including gender/GBVH and labour risks in the supply chains. For projects in Ukraine, presence of unexploded ordnance ("UXO") risks will also need to be carefully reviewed and addressed in the context of worker and community health and safety. All Sub-projects categorised "A" will be submitted for the full Board consideration regardless of size of the financing. Adequate resources for E&S due diligence and post-signing project implementation support will be required. Paris Alignment and any GET share will be assessed during due diligence of each Sub-project.

6.2 INTEGRITY

Integrity due diligence will be undertaken for each project under the framework. OCCO will be consulted when material red flags are identified to assess whether the project poses an unacceptable reputational risk to the Bank.

All actions required by applicable EBRD procedures relevant to the prevention of money laundering, terrorist financing and other integrity issues have been taken with respect to the Framework, and the project files contain the integrity checklists and other required documentation which have been properly and accurately completed to proceed with the project.

ANNEXES TO OPERATION REPORT

ANNEX 1	Policy Advisory Programs
ANNEX 2	Transition Qualities in the Framework
ANNEX 3	Results Framework
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ANNEX 1: Policy Advisory Programs

A) Ukraine Reforms Architecture: repurposing to address the immediate crisis

The Ukraine Reforms Architecture ("URA") programme is a comprehensive technical assistance programme deployed by the EBRD, in partnership with the EU in 2016, to support critical reform processes in Ukraine. It is financed from the Ukraine Stabilisation and Sustainable Growth Multi-Donor Account ("MDA"), which is managed by the EBRD. In 2020, the programme achieved strong support for its continuation from the Government of Ukraine and MDA contributors, which resulted in its extension to the phase II – URA 2.0.

The URA organisational structure is composed of two mutually reinforcing components:

- ➔ The Reforms Delivery Office ("RDO") placed in the Secretariat of the Cabinet of Ministers of Ukraine, coordinating and overseeing the reform processes across the government; and
- ➔ Reform Support Teams ("RSTs") embedded in ministries and agencies to manage the implementation of sectoral reforms and Public Administration Reform ("PAR").

URA teams are currently operational and are fully concentrated on addressing the immediate needs of the Government of Ukraine ("GoU") at this critical time. The work currently underway includes:

- ➔ Supporting the passage of humanitarian aid from customs points and the logistics of humanitarian support across the country, supporting urgent procurements, drafting of urgent customs related legislation.
- ➔ Assisting the GoU with the coordination and communication with international partners, including coordination of humanitarian aid inflows and management of GoU hotline for humanitarian assistance.
- ➔ Forecasting on infrastructure damage and the impact of military actions on the economy, population and the environment.
- ➔ Developing plans for the post-war reconstruction of cities and villages damaged by the war, including analysis of international experience on post-war reconstruction.
- ➔ Communication support to the GoU to ensure dissemination of reliable information across the administration and to the population, including countering Russian disinformation.
- ➔ Coordinating cross-border efforts to ensure online education for Ukrainian refugees.
- ➔ Additional support on technical issues – translation, preparation of analytical notes, infographics, communication materials – all oriented towards addressing the consequences of war, in direct support of the Office of the President and the GoU.

B) Ukraine Business Ombudsman Council

The Business Ombudsman Council ("BOC") is an independent advisory body to the Cabinet of Minister of Ukraine established in 2014 under the Memorandum of Understanding for the Ukrainian Anti-Corruption Initiative with the participation of the Government, leading Ukrainian business associations, the EBRD and OECD.

BOC's main objective is to serve as an independent, impartial and alternative mechanism of protecting the rights and interests of business entities in Ukraine, facilitate their dialogue with state authorities, and contribute to the construction of a system of public accountability in Ukraine by addressing corruption. The BOC does not have the status of a law enforcement agency but operates on the "name and shame" principle.

The primary mandate of the BOC includes:

- responding to and facilitating the resolution of complaints by foreign and domestic businesses about unfair treatment and corruption; and
- ascertaining the systemic causes of unfair treatment of business and corruption and sharing its findings with the public and the appropriate public authorities.

Due to the war on Ukraine, the BOC has initiated the following new initiatives:

New Initiative 1: *Ukraine Western Border Trade Facilitation*

➔ Working jointly with the Polish SME Ombudsman Office and Ukrainian authorities to provide real-time advice and assistance to Ukrainian importers and EU exporters to ensure efficient and timely cross-border trade and supply of essential goods (food, medicines, defense materials) with countries such as Poland, Slovakia, Hungary and Romania.

New Initiative 2: *Helpline Supporting Ukrainian Business in Wartime*

➔ The helpline is dealing with requests from businesses. These requests are directed to the staff of BOC for advice and action. This helpline launched promptly with the resources already available at the BOC.

New Initiative 3: *Early Recovery Legal/Administrative Framework Development*

➔ In cooperation with the Government of Ukraine, the BOC will prepare a roadmap for Ukrainian businesses to seek redress for damages inflicted by the war (including through international justice and arbitration mechanisms). The BOC will further support Ukrainian businesses seeking redress and recover damages where such action contains an element of state administrative or appeal procedure.

C) Potential Rapid Advisory Response examples

Rapid integration of displaced persons into labour markets: the Bank is looking to support the adaptation of existing and the development of new tools and mechanisms that enable rapid integration of the displaced persons into labour markets and training systems of Affected Countries. This includes the enhancement and adaptation of an existing Polish digital job matching platform, through the development of Ukrainian sections with automatic translation, AI-powered personalised career guidance, provision of free access to employers who wish to hire Ukrainian refugees and career consultants on the ground to support implementation. This project will be piloted in Poland where the immediate need is highest and with an expectation that these efforts could be replicated across other neighbouring countries.

Rapid infrastructure and energy security assessments: the Bank is preparing a mechanism under its existing Green Cities programme to provide to Green Cities in the Affected Countries (and potentially other cities) a rapid assessment of infrastructure needs prompted by the refugee influx, opportunities to reduce hydrocarbon consumption in the short term and measures to meet those needs or take those opportunities. This mechanism would build upon the existing Green City relationship and knowledge base to ensure a rapid and relevant response.

Ensuring access to finance: displaced Ukrainians may suffer from a lack of access to their funds, bank accounts, costs of converting currency or opening an account in the nearby countries. The Bank could build a relevant partnership with Fintech providers, to be able to bridge that gap and help to provide inclusive financial services for displaced Ukrainians. This could potentially be connected with banking investments if a Fintech provider requires capital for this type of activity.

Energy and infra sector stress test: conduct broad financial stress tests for the main energy / infra sector SOEs in the affected region and to help identify the key gaps where our support would be most impactful. For instance, in addition to the concerns for energy supply interruptions, the crisis has further soared the cost of energy, which could lead not only to a number of households being pushed into energy poverty, but also increase the liquidity needs for electricity utilities. The refugee crisis may also strain the budgets of cities and their municipally owned companies – which often use their own funds to provide immediate services.

Supporting continuity of business operations: Provisions of advisory support for Affected Countries to ensure the delivery and availability of e-government services for businesses, to help simplify the procedures for setting up / registering a company, and create a simplified registration and tax procedure for Ukrainian displaced businesses. Support to any legal changes required to continue economic activities for internally and externally displaced businesses. Provide advice to SMEs via a) digital audits and b) digitalisation to support digital running of accounts, payroll etc, plus relevant capacity building programme.

D) Medium term Policy Advisory examples

Capacity support for governments and municipalities – since governments and municipalities in the Affected Countries could be placed under strain due to the influx of refugees over a longer period of time, EBRD could provide expert advisory and capacity support to relevant line ministries, municipalities and SOEs to ensure (i) that host countries can continue to implement existing priority policy reforms while under strain, and (ii) the effective programming of emergency liquidity support to help respond to new and increased demands on the countries' municipal infrastructure and utilities. Support could also be provided to help coordinate the development of new infrastructure operations and align market conditions with European standards across the region for both private sector clients and SOEs.

Attracting FDI and supporting integration into global value chains – provision of advisory support to Investment Promotion Agencies (including the National Investment Council of Ukraine, when the conditions permit) to better attract FDI , support exports to and integration with global value chains, including for newly registered businesses, and support to improve cross-border operations.

Reform Advisory for Ukraine – when conditions permit, to repurpose the Ukraine Reforms Architecture to enhance the absorptive capacity in key ministries to implement recovery and the policy reform agenda. The overall objective of the revamped URA programme will continue to be promoting resilience and the establishment of sustainable good governance standards within the public administration through the engagement of qualified and motivated external experts who are in the position to: a) fill the capacity gaps, and b) facilitate and drive the process of behavioural change and effective decision-making.

Reform Advisory for Affected Countries – Reform Support Teams could be embedded in key infrastructure/connectivity ministries, providing targeted support for line ministries to build–capacity to enhance Affected Countries' connectivity, energy security and cyber security capabilities. This could include support for the diversification of supply chains, including through building on existing engagement with investment promotion agencies across the region; alignment of regulations and standards to promote integration with EU and global markets; and improved cross-border operations. Wherever possible, proposed interventions will be leveraged to improve the business environment more generally, including by strengthening the governance and efficacy of SOEs.

ANNEX 2: Transition Qualities in the Framework

Guidance on the use of Resilient/Inclusive as primary transition quality

Sub-programme	Guidance on primary transition quality choice
Ukraine	The **Resilient** quality applies to businesses directly affected by the conflict and businesses indirectly affected (Ukraine part of value chain). The Resilient quality applies to projects that contribute to the overall resilience of financial institutions (FI) and financial markets. The Resilient quality applies to projects that support food security in Ukraine by increasing the resilience of corporates, SMEs and aggregators in the agricultural value chains and contributing to reducing losses of supply chain disruptions, which should increase food availability in the region. For energy security, the Resilient quality includes short-term policy and operational responses to the immediate threat to energy security caused by war on Ukraine. It applies also when critical energy infrastructure is used for energy diversification purposes and when the Bank supports is additional in improving the resilience of the energy system to face security threats while at the same time avoiding also the reversal of the liberalization and decarbonisation process of the energy sector. The **Inclusive** quality applies to financing supporting businesses that mainly provide services necessary or relevant for the crisis response and to businesses that might provide employment to internally displaced people. The Inclusive quality applies to situations in which service providers need to adapt/upsize local infrastructure /energy services to ensure ongoing access to vital services for people and communities in Ukraine affected by the war. The Inclusive quality also applies when impact stems from the support provided to entrepreneurs and businesses affected by the war on Ukraine.
Affected Countries:	**Guidance on primary transition quality choice**
Energy security	**Resilient**. This includes short-term policy and operational responses to the immediate threat to energy security caused by war on Ukraine. The resilient qualities applies also when critical energy infrastructure is used for energy diversification purposes and when the Bank supports is additional in improving the resilience of the energy system to face security threats while at the same time avoiding also the reversal of the liberalization and decarbonisation process of the energy sector.
Municipal and National Infrastructure	**Inclusive**. It applies to situations in which service providers need to adapt/upsize local infrastructure services to ensure ongoing access to vital services for people and communities in Ukraine affected by the war (the Ukraine sub-programme). The Inclusive quality also applies to Affected Countries when service providers need to adapt/upsize local infrastructure services due to the arrival of refugees from Ukraine. In line with the Bank's recent Equality of Opportunity Strategy this could also include childcare infrastructure, financing aimed at addressing GBVH risks for refugees and host communities, and affordable housing.

	Resilient. It applies to strengthening municipal service or national infrastructure providers directly affected by the wider economic consequences of the war (but only indirectly affected by refugees). The resilient qualities also applies when the Bank explicitly supports actions to avoid a reversal of the liberalization and decarbonisation process in the infrastructure sector.
Capital Markets transactions and Financial Intermediaries	**Resilient**. It applies to projects that contribute to the overall resilience of financial institutions (FI) and financial markets. **Inclusive.** Impact under this quality stems from the support provided to entrepreneurs and businesses, including SMEs that represent the backbone of many of the Bank's countries of operations, through intermediated finance. Supported businesses can be: (i) directly affected by the war (e.g. established businesses that were displaced from Ukraine to Affected Countries; new businesses set up in Affected Countries and led by displaced entrepreneurs; or businesses based in Affected Countries with offices/factories in Ukraine which were impacted/closed); or (ii) indirectly affected (e.g. businesses located in Affected Countries heavily impacted by supply chain disruptions due to conflict or sanctions; businesses that were impacted by workforce changes due to conflict).
Other (projects outside the previous sub-programmes) that directly address refugee challenges	The **Resilient** quality applies to businesses directly affected by the conflict (i.e., in Ukraine, including those trying to relocate) and businesses indirectly affected (Ukraine part of value chain). The **Inclusive** quality applies to financing supporting businesses that mainly provide services necessary or relevant for the crisis response and to businesses that might provide employment to refugees or internally displaced people.

Transition Qualities in the Framework by sub-programme and instruments

Sub-programme		**Primary quality (required)**	**Secondary quality (optional/required)**	
Ukraine		Resilient/Inclusive	Optional	Any quality different than the primary quality
Affected Countries		**Primary quality (required)**	**Secondary quality (optional/required)**	
Energy Security	Liquidity/Working Capital	Resilient	Optional	Inclusive/Green
	Capex	Resilient	Optional	Any quality different than the primary quality[&]
Municipal and National Infrastructure	Liquidity/Working Capital	Inclusive	Optional	Resilient
	Capex	Inclusive/Resilient	Optional	Any quality different than the primary quality[&]

Capital Markets transactions and Financial Intermediaries~	Short term financing, including liquidity support (including capital market transactions)	Resilient	Optional	Inclusive
	Long term financing for the Financial sector (support for longer term solvency), including through capital market transactions, and capital market financing for SMEs or corporates	Resilient	Optional	Any quality different than the primary quality&
	Intermediated finance+	Inclusive/Resilient	Required	Any quality different than the primary quality&
OTHER (projects outside the previous sub-programmes) that directly address refugee challenges	Liquidity support	Resilient/Inclusive	Optional	Inclusive/Resilient
	Capex	Resilient/Inclusive	Optional	Any quality different than the primary quality&

& This would apply in the presence of objectives supporting a second TI quality, including through policy TC and digital transformation

~ Capital Market / FI also encompasses an option for direct operations with SMEs or corporates outside the FI sector.

+ With Intermediated Finance, use of proceeds in favour of directly and indirectly affected businesses will result in Inclusive TI.

ANNEX 3: Results Framework

The indicators presented in the results framework below are work in progress and are subject to change and modification, following a deeper analysis of methodology and information available. The Framework provides a streamlined list of indicators that are seen as most meaningful for aggregate monitoring and reporting for the Framework. Other indicators (including more detailed and specific metrics in line with Equality of Opportunity Strategy) may be selected as relevant for Sub-projects.

A breakdown for the data will be provided for Ukraine and Affected Countries. Disaggregation by directly and indirectly affected businesses and individuals, as well as age disaggregation, will be done where targeted and possible. Gender disaggregation will also be provided where feasible. Methodology and details on measurement for the indicators in the results framework will be specified accordingly. [REDACTED].

ANNEX 4: Theory of Change