France

AFD GROUPE

UKRAINE INVESTMENT FRAMEWORK: UNLOCKING MUNICIPAL RECOVERY AND RECONSTRUCTION

PRESENTATION OF AFD

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AFD in Ukraine : overview

GROUP PRESENCE

Historical presence

2006 : opening of Expertise France office (60 people now, 60 MEUR, 18 projects)
2019 : 1st PROPARCO's project (private sector 89 MEUR of cumulated commitments)
2024 : AFD mandate to Ukraine

OUR MANDATE

- Priority for **non-sovereign loans** to support local authorities
- Support for **the reconstruction of Ukraine** and support for **its European trajectory**
- Combination between AFD loans with EU grant resources
- Financing of **civil society organizations and decentralized cooperation** through grants

ESTABLISHMENT

Rapid institutional set-up

- Mandate obtained in January 2024
- Intergovernmental establishment agreement signed on June 2024
- New office opened in Kyiv on July 2024.
- 2 staff & 2 under recruitment

KEY FIGURES

Rapid operational deployment

90 MEUR of cumulative financing as of 06/2026:
- mobility, health, water & sanitation
-- intermediate financing
 - 4 CSOs projects and1 decentralized cooperation project)

Objective 2026/2029 : 213 MEUR of non-sovereign loans + 83 MEUR of EU grants

AFD financing tools for municipalities

Local authorities play a critical role in maintaining essential public services and strengthening local resilience.

1. Direct Financing of Municipalities

- Targeted support to Tier 1 municipalities
- Financing of critical infrastructure and public services

TARGET : 8 municipalities assessed under the Fitch/CCC framework : Kyiv, Lviv, Odesa, Kryvyi Rih, Dnipro, Zaporizhzhia, Kharkiv, Mykolaiv

2. Intermediate Financing Through Local Public Banks

- Reaching municipalities that AFD cannot reach directly
- Supporting the banking sector to better meet the needs of municipal and local institutions for greater resilience
- Supporting local infrastructure, service delivery and resilience-building projects

Financial Tools: 2026–2029

215M€

AFD Non-Sovereign Loans

Direct and indirect financing allocated to municipalities and local public banks over the 2026–2029 period.

85M€

EU Grants

European Union grant funding complementing loan instruments instruments to maximize impact and leverage for local authorities.

Expected Results

- Improved continuity and quality of public services
- Increased municipal financial resilience
- Enhanced local capacity for crisis response and recovery
- Stronger territorial cohesion and inclusive development

1. Direct support to municipalities

ELIGIBLE FINANCING

Purpose of financing

Development, rehabilitation or maintenance of public infrastructure and municipal assets.

Eligible sectors

- Health and care services
- Water supply and sanitation
- Affordable housing
- Urban mobility and urban development
- Energy and energy efficiency
- Municipal infrastructure
- Education, children- and family-oriented services, other social and community services

Financing instruments

1. Non-sovereign loan

1. Beneficiaries: municipalities and SOEs
2. Maturity: up to **12 years** - Grace period: up to **5 years**
3. Amount : minimum of 15 MEUR

2. Grant

1. Combination of an AFD loan with an **EU grant**
2. For investment costs and TA

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Example of current projects

URBAN MOBILITY

2024
Development of road works around the Unbroken rehabilitation center.

Grant: 5 M€

2026/2027
Extension of the public transport system around the center.

Non-sovereign loan (NS) of €15M

EU grant of €8M

HEALTH

2024
REHAB project, support to 6 mental health centers, renovation and equipment of 3 physical medicine and rehabilitation

Grant: €5M

2026
Support to the municipal health strategy of Odesa, financing investments (e.g., hospital energy efficiency, modernization of emergency radiology units, modernization of medical-surgical services).

NS Loan of €19.5M

EU grant of €9M

WATER & SANITATION

2025
Improve access to drinking water and sanitation services in South-East Ukraine, in the oblasts of Dnipropetrovsk, Kherson, and Kryvyi Rih.

2026
Construction of a new surface water treatment plant and related infrastructure in the northern part of the city.

NS Loan of €40M

EU grant of €32.5M

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2. Intermediate Financing Through Local Public Banks

ELIGIBLE FINANCING

Purpose of financing

Support public banks in financing municipalities, municipal companies for the development, rehabilitation or maintenance of public infrastructure and municipal assets.

Eligible sectors

Health and care services, WSS, Affordable housing, Urban mobility and urban development, Energy and energy efficiency, Municipal infrastructure, Education, Children services, other social and community services

Financing instruments

AFD Non-Sovereign Loans and Portfolios' Guarantees

Beneficiaries	Final Beneficiaries
Local Public Banks	Municipalities and Municipal companies

Terms

Maturity: up to 10 years / Grace period: up to 3 years
Minimum facility size: EUR 15 million
Maximum sub-project size: EUR 5 million

EU Grant (in combination= of an AFD loan with an EU grant.

- TA for partner banks and final beneficiaries;
- Investment grants **to enhance the financial sustainability** of the underlying investments.

Grant intensity: from 10% to 30% of the underlying loan amount, depending on project location, financial capacity and development impact.

Financial Intermediation

2025: Granting of a financing facility for UkrEximBank dedicated to financing local authorities and municipal enterprises.

2026: Similar financing facility for UkrGazBank, dedicated to financing local authorities and municipal enterprises.

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ДЯКУЮ!
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