

Who can participate in the EFSE programme?

For the purposes of this program, MSME are considered private micro, small and medium enterprises and entrepreneurs (“MSMEs”) that are registered and/or resident (as the case may be) in Ukraine.

In line with the EU definition of MSMEs, the enterprises must have:

- less than 250 employees;
- either (i) an annual turnover not above EUR 50 million (or its equivalent in other currencies);
- or (ii) an annual balance sheet not above EUR 43 million (or its equivalent in other currencies).

End-beneficiary should belong to one of the following groups:

1. Farms relate to family-owned farms, entrepreneurial farms, or other forms of MSMEs engaged in primary agriculture with up to 2,000 hectares of agricultural land, and/or livestock farms with up to 1,000 cattle, up to 25,000 pigs, up to 500,000 poultry heads, or other animals or poultry operating in line with applicable Ukrainian legislation with respect to animal identification and registration, accurate maintenance of field book records, and animal welfare practices.
2. Businesses heavily affected by the war include:
 - a. MSMEs located and/or operating in territories that have most suffered from the Russian War, i.e. high-risk areas⁽¹⁾.
 - b. MSMEs displaced or physically relocated from territories that have most suffered from the Russian War including enterprises that have nominally retained their registration in war-affected areas but carry out their main economic activities in safer areas.
 - c. MSMEs (with 5+ employees) across entire territory of Ukraine, that have suffered significant loss, physical destruction, or loss of assets as a direct result of the war or significant loss in production capacity (>30% drop in staff count).
 - d. MSMEs owned/led⁽²⁾ by vulnerable groups (e.g. women, IDPs⁽³⁾, veterans, youth under 35 years old, disabled individuals).
3. MSMEs investing in essential reconstruction include:
 - a. MSMEs in all sectors that are investing in energy resilience and security;
 - b. MSMEs operating in value-added manufacturing & processing sectors (e.g. food processing, pharmaceutical, electronics, textiles, furniture industries, construction materials) investing in modernization and digitalization efforts for improved resilience
 - c. MSMEs operating in the transport and logistics sector, addressing the damage in the local transport and logistics infrastructure (including digital infrastructure).

End-beneficiary should meet following criteria:

1. Financial standing

Sub-Borrower should demonstrate good financial standing, including a positive operating profit as of the latest available annual financial statement.

2. Transparency and KYC compliance

Sub-Borrower meets all relevant KYC checks conducted by the Bank in compliance with all applicable local, international and EU laws, regulations, and standards regarding anti-money laundering, combating the financing of terrorism, prevention of Prohibited Conduct and the Financial Action Task Force (FATF) standards and recommendations.

1. Applicable legislation includes: Resolution #1364 dated 6 December 2022 on “Some Issues of Formation of the List of Territories in which Military Operations are (were) Conducted or Temporarily Occupied by the Russian Federation” and listed in the Order No. 376 dated 28 February 2025 “On Approval of the List of Territories in which Military Operations are Conducted (Were Conducted) or Temporarily Occupied by the Russian Federation, as well as other relevant legislation from the Ukrainian Government, including, the Ministry of Reintegration of the Temporary Territories of Ukraine.

2. Owned shall mean the share of ownership is min. 51% OR the business is founded min. 51% by the respective vulnerable group. Led shall mean that the share of the vulnerable group in senior management is min. 51% or of board members is 51%. For Women Owned Enterprises the following rules apply: MSMEs that are either (i) ≥51% owned by woman/women OR (ii) ≥20% owned by woman/women and has (i) ≥ 1 woman as CEO/COO/President/Vice President and (ii) ≥ 30% of the board of directors composed of women, where a board exists; with an objective to support access to finance for women entrepreneurs.

3. Definition of IDPs shall be derived from the Law “on Ensuring the Rights and Freedoms of Internally Displaced Persons” where IDP is defined as a citizen of Ukraine, a foreigner or a stateless person who is legally present on the territory of Ukraine and has the right for the permanent residence in Ukraine, who was forced to leave or abandon his/her/their place of residence as a result of or in order to avoid the negative consequences of the armed conflict, temporary occupation, widespread violence, human rights violations and natural or man-made emergencies. A sub-borrower qualifies for the IDP and related SME category if it fulfils the following criteria at the time of application for sub-loan: it is a sole entrepreneur who is an IDP, or a legal entity majority (more than 50%) owned and/or led by IDP(s).

3. Payment of taxes

Sub-Borrower has been adhering to tax laws in accordance with the applicable framework with no indication of tax avoidance practices.

4. Credit history

Sub-Borrower is able to demonstrate a positive credit score and repayment history.

5. Active and operating business

The business has not ceased operations, filed for insolvency/liquidation or undergone legal or corporate/ business reorganization/ restructuring proceedings.

6. Location and registration

The business is registered within areas controlled by the Government of Ukraine and operates in accordance with the laws of Ukraine. Agriculture sector businesses should be recorded in the State Agricultural Registry.

7. Business ownership structure

At least 51% of the business owners (on beneficial basis) have Ukrainian citizenship. The beneficial ownership must be clearly established and traceable.

8. Absence of conflicts of interest

Sub-Borrower must not be a related party of the Bank (in accordance with Article 52 of the Law of Ukraine "On Banks and Banking Activity"), a family member of the Bank's employees, or have any conflicts of interest with the Bank's staff (in accordance with Articles 2 and 55 of the Law of Ukraine "On Banks and Banking Activity").

9. One grant per group of companies

Bank may only provide one grant per one business/client group (in case of related businesses (under common ownership and/or control), only one entity of the client's group can benefit).

10. Prohibition on military production

Businesses related to the production of weapons, military ammunition, dual-purpose products (by the Cabinet of Ministers of Ukraine, as published pursuant to the Law of Ukraine "On the State Control over International Transfers of Military and Dual-Use Goods" (as published in The Official Bulletin of the Verkhovna Rada (BVR), 2003, No. 23, Article 148 (Number 549-IV)) regardless of whether such dual-use goods are intended for international transfer or not) are ineligible for grant consideration.