



NDI

uniting
for
growth

STRATEGY 2026-2030

June 2026

with the support of



KFW Deloitte.

Executive summary

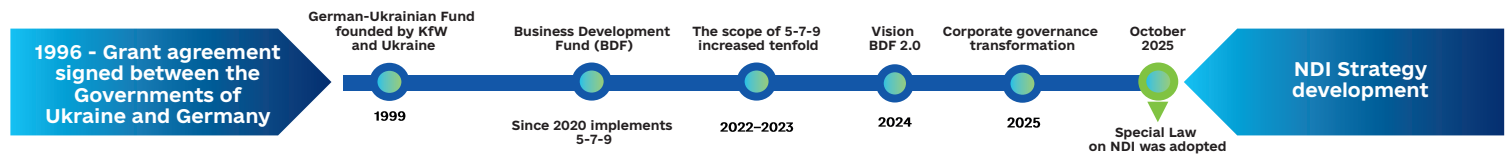
STRATEGY 2026-2030										
FUNDING	<ul style="list-style-type: none"> • NDI plans to inject 3.3 Bn EUR of additional financing for Ukrainian economy. To implement this goal, NDI plans to mobilize additional 1.3 Bn EUR financing from donors and international financial institutions 									
PRIORITIES	<ul style="list-style-type: none"> • Main priorities are aligned with National Economic Strategy 2030, Ukraine Facility plan, MSME development strategy and other relevant national strategies and plans: <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="background-color: #e0f2f1;">Enhancing Access to Finance for MSMEs</td> <td style="background-color: #e0f2f1;">Promoting Inclusive Growth and Social Impact</td> <td style="background-color: #e0f2f1;">Supporting Economic Recovery and Regional Development</td> <td style="background-color: #e0f2f1;">Promoting EU integration and synchronizing with international DFI community</td> <td style="background-color: #e0f2f1;">Supporting Green Transition and Sustainable Development</td> </tr> </table>					Enhancing Access to Finance for MSMEs	Promoting Inclusive Growth and Social Impact	Supporting Economic Recovery and Regional Development	Promoting EU integration and synchronizing with international DFI community	Supporting Green Transition and Sustainable Development
Enhancing Access to Finance for MSMEs	Promoting Inclusive Growth and Social Impact	Supporting Economic Recovery and Regional Development	Promoting EU integration and synchronizing with international DFI community	Supporting Green Transition and Sustainable Development						
PRODUCTS AND CHANNELS	<ul style="list-style-type: none"> • NDI will update impact assessment methodology in line with international best practices (World Bank, UNDP, KfW etc.). This will further improve focus resources within NDI programs to highest impact/ greatest necessity areas • NDI will significantly upgrade existing product portfolio, including: <ul style="list-style-type: none"> • Upgrade of debt-based programs to 3.1 Bn EUR with emphasis on guarantees, and products to promote of long-term investment by MSMEs • Development of new consulting product offer and launch of VC/ Equity financing • NDI will further strengthen network of partners to ensure efficient distribution of updated product offer: <ul style="list-style-type: none"> • Expanding network of non-bank financial partners, including credit unions, micro-finance organizations etc. • Building distribution networks for consulting and VC/ Equity products 									
TRANSFORMATION ROADMAP	<ul style="list-style-type: none"> • Immediate focus for NDI would be to scale-up in manageable manner the organization to achieve the ambition defined in this Strategy. This includes development of organization capabilities, human capital, upgrade of systems and processes. NDI will also develop common ecosystem for Ministries and agencies, donors, municipalities, as well as banks and other financial organization (including, IT platform 2.0 etc.) • In the mid-term, NDI plans to reach sufficient maturity for EU Pillar Assessment status. • And in the longer term, NDI aims to unlock access to capital markets 									

Our main goal is to jointly make NDI the most impactful development finance mechanism in Ukraine generating opportunities for MSMEs and economy of Ukraine

NDI: institutional evolution

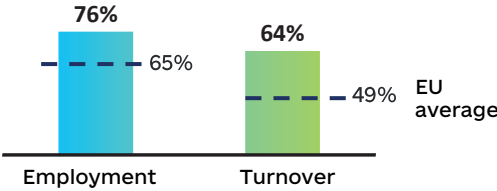
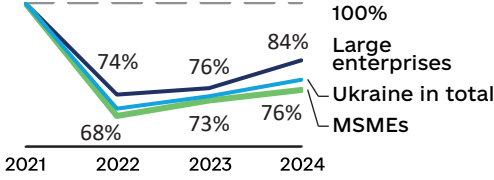
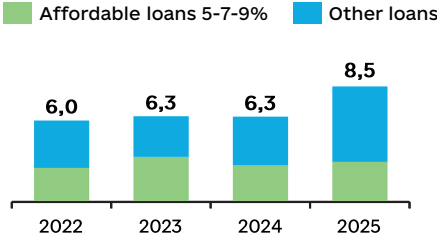
NATIONAL DEVELOPMENT INSTITUTION (NDI)

- NDI is a **state-owned non-profit financial institution** with a special status. The main goal of NDI activities is to **promote economic and social development** as well as reconstruction and development of Ukraine. The role of NDI elevated at the beginning of large-scale invasion in 2022 and then was codified in the Special law in 2025. This Strategy was developed to set KPIs within this new role and further guide operational transformation of NDI toward it.

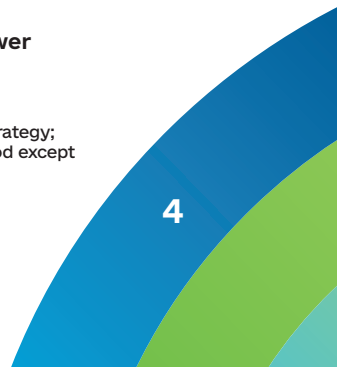


- The establishment of the NDI dates back to **1996**, following the signing of a **grant agreement between the Governments of Ukraine and Germany**.
- Grant funds were used to launch a microcredit program and establish the German-Ukrainian Fund under the German Federal Government's **TRANSFORM** program.
- In **1999**, in accordance with the grant agreement, the German-Ukrainian Fund was established with the **participation of KfW German Development Bank, the Cabinet of Ministers of Ukraine through the Ministry of Finance of Ukraine (as authorized body), and the National Bank of Ukraine**.
- In **2020**, with the launch of the state MSME promotion program “**Affordable Loans 5-7-9**”, the German-Ukrainian Fund was renamed the **Business Development Fund (BDF)**, while retaining full legal succession of all rights and obligations.
- The sole participant of the BDF is the Government of Ukraine, represented by the Ministry of Finance of Ukraine.
- The BDF has non-profit status: all funds are reinvested into further lending and the development of MSME support programs.
- During **2024-2025**, BDF significantly **strengthened its institutional capacity**, and in **2025 Supervisory board was established** in BDF, which started **transformation of corporate governance** in line with international best practices.
- As of **1 January 2026**, the **National Development Institution (NDI)** commenced operations in Ukraine as a state financial institution established on the basis of the BDF in accordance with the Law of Ukraine “**On the National Development Institution**” No. 4622-IX of **8 October 2025**, which entered into force on **29 October 2025**.

MSMEs form the backbone of Ukrainian economy, but disproportionately suffered from large-scale war and face significant gap in access to financing

MSMEs form the backbone of Ukrainian economy	MSMEs disproportionately suffered from large-scale war	5-7-9 program is the main instrument for MSME lending																																								
<p>Share of MSMEs in employment and revenue in 2023, %</p>  <p>Employment: 76% (vs EU average 65%) Turnover: 64% (vs EU average 49%)</p>	<p>Share of annual turnover from 2021 turnover (in EUR), %¹</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Large enterprises</th> <th>Ukraine in total</th> <th>MSMEs</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>100%</td> <td>74%</td> <td>68%</td> </tr> <tr> <td>2022</td> <td>74%</td> <td>76%</td> <td>73%</td> </tr> <tr> <td>2023</td> <td>76%</td> <td>76%</td> <td>73%</td> </tr> <tr> <td>2024</td> <td>84%</td> <td>76%</td> <td>76%</td> </tr> </tbody> </table>	Year	Large enterprises	Ukraine in total	MSMEs	2021	100%	74%	68%	2022	74%	76%	73%	2023	76%	76%	73%	2024	84%	76%	76%	<p>Gross performing loans to MSMEs, Bn EUR^{1,2}</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Affordable loans 5-7-9%</th> <th>Other loans</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>2.0</td> <td>4.0</td> <td>6.0</td> </tr> <tr> <td>2023</td> <td>2.3</td> <td>4.0</td> <td>6.3</td> </tr> <tr> <td>2024</td> <td>2.3</td> <td>4.0</td> <td>6.3</td> </tr> <tr> <td>2025</td> <td>2.5</td> <td>6.0</td> <td>8.5</td> </tr> </tbody> </table>	Year	Affordable loans 5-7-9%	Other loans	Total	2022	2.0	4.0	6.0	2023	2.3	4.0	6.3	2024	2.3	4.0	6.3	2025	2.5	6.0	8.5
Year	Large enterprises	Ukraine in total	MSMEs																																							
2021	100%	74%	68%																																							
2022	74%	76%	73%																																							
2023	76%	76%	73%																																							
2024	84%	76%	76%																																							
Year	Affordable loans 5-7-9%	Other loans	Total																																							
2022	2.0	4.0	6.0																																							
2023	2.3	4.0	6.3																																							
2024	2.3	4.0	6.3																																							
2025	2.5	6.0	8.5																																							
MSME financing gap ³	Key barriers for the development																																									
<p>is estimated at</p> <h2>30-35 Bn EUR</h2>	<p>At economy level</p> <ul style="list-style-type: none"> • High cost of borrowing • Lack of long-term capital • High war-risks and proximity to frontline (funding not available in frontline regions) • Incentive for banks to invest alternatively in state bonds and NBU deposits 	<p>На рівні ММСП</p> <ul style="list-style-type: none"> • Lack of quality collateral • Reluctance to join formal economy due to fear of excessive bureaucracy and inspections • Limited financial literacy in business management and attraction of bank financing • Shortage of manpower • Tax evasion 																																								

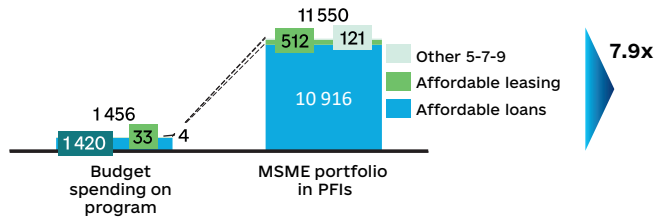
Sources: State Statistics Service of Ukraine, Eurostat, NBU, NDI, IFC SME Finance Forum, European Business Association (EBA); Center for Economic Strategy; UNDP; Notes: (1) Amounts in UAH converted to EUR using average annual NBU's ex-change rate; (2) Data are provided as of October of respective period except for 2022 (as of November); (3) The estimated gap is an extrapolation of the latest IFC estimates.



In 2020-25 NDI implemented Affordable finance Programs (1 euro spent generated 7.9 euros of MSME financing), established relationships with IFIs, raised 800 Mn EUR of donor financing

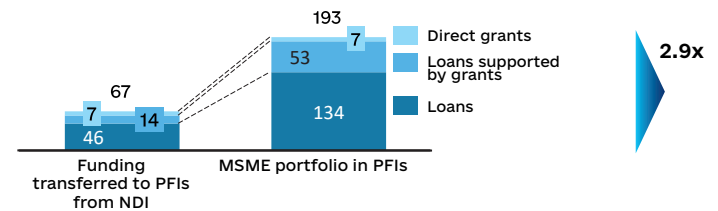
Each 1 euro invested by the Government in 5-7-9 generated 7.9 euro of MSME financing

Transformation of budget spending for 5-7-9 programs to MSME portfolio in PFIs, 2020-2025 Mn EUR¹



NDI injected 67 Mn EUR to generate – together with partner financial institutions – 193 Mn EUR finance for MSMEs

Transformation of funding under NDI's own products to MSME portfolio in PFIs, 2020-2025, Mn EUR¹

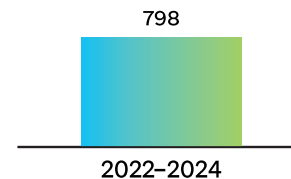


Recommendations from international partners:

- Better focus program on:
 - Economic growth in accordance with national strategic priorities
 - Regional development to cope with disbalances
 - Vulnerable groups support
- Improved forecast of subsidies payable

NDI and Affordable loans 5-7-9 attracted 798 Mn EUR from international partners during 2022-24

Cumulative funding from international partners to NDI, Mn EUR



Sources: NDI, World Bank, VOX
Notes: (1) Amounts in UAH converted to EUR using average annual NBU's ex-change rate

NDI Mission, Vision and Values

Mission

To advance Ukraine's economic and social development by designing and implementing innovative financial programs for MSMEs through partnerships with financial institutions and other stakeholders

Vision

To be the recognised development finance institution enabling sustainable access to finance for Ukraine's MSME sector and contributing to the country's economic development and Ukraine's integration into the EU

ОСНОВНІ ЦІННОСТІ



Integrity



Accountability



Loyalty



Cooperation



Transparency

Our main goal is to jointly with international donors make NDI the most impactful development finance mechanism in Ukraine generating opportunities for MSMEs and as a whole economy of Ukraine

The Core Mandate of NDI is promoting MSME access to finance, additional mandate includes households, municipalities and strategic sectors defined by Government

THE MAIN PURPOSE AS DEFINED BY THE SPECIAL LAW ON NDI




To advance Ukraine's economic and social development and rebuilding of Ukraine providing financial, informational and consulting support to MSMEs and other target groups

CORE MANDATE MSME Access to Finance	ADDITIONAL MANDATE Non-MSME Access to Finance
<p>MSME is the focus as defined by the Special Law</p> <ul style="list-style-type: none"> MSME is the focus for long-term support and expertise development NDI focuses on attraction of donor resources for MSMEs and uses own resources for MSME financing 	<p>Additional priority segments defined by Government</p> <ul style="list-style-type: none"> Energy efficiency for households Municipal development initiatives Government-defined strategic sectors

NDI will go through the following development stages:

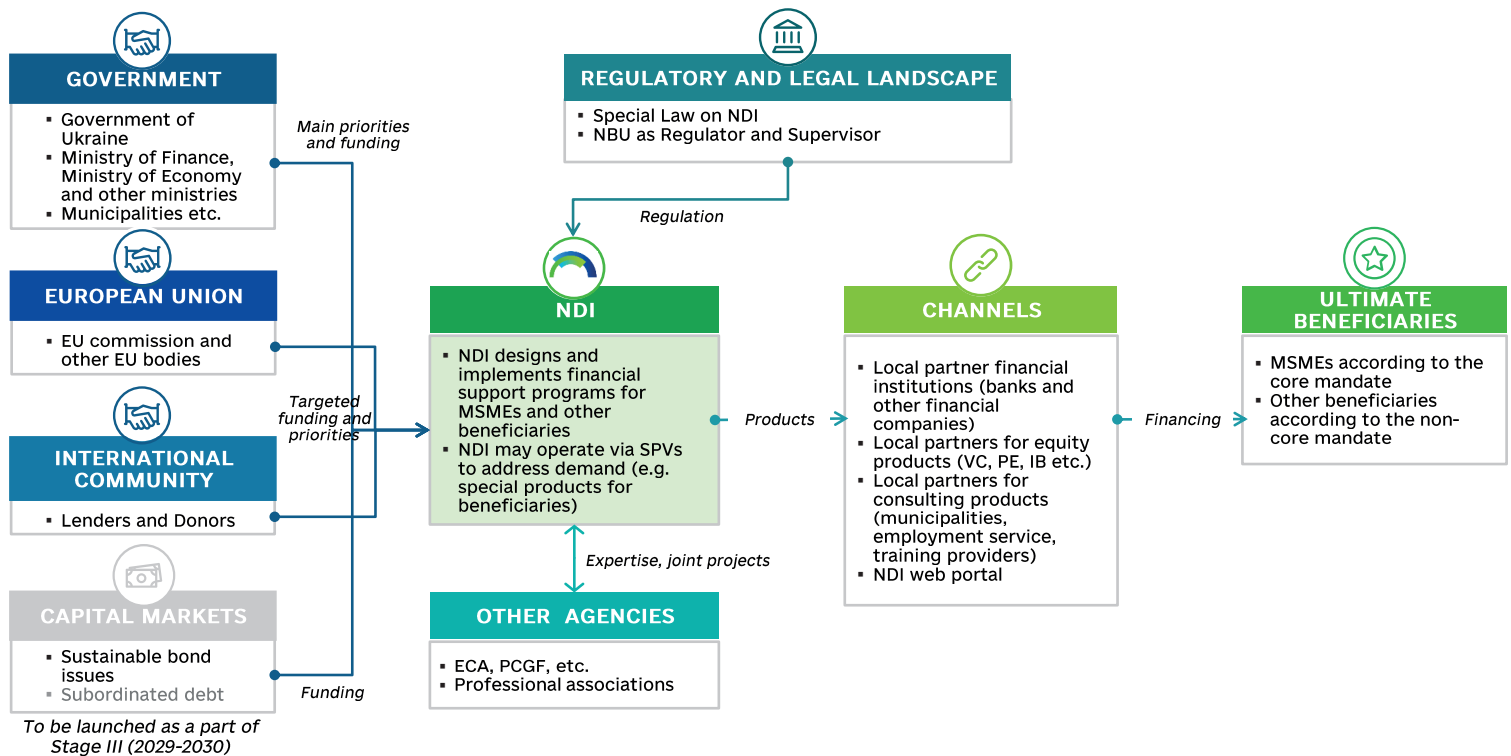
- Stage I (2026-2027): Strong & Autonomous Institution
- Stage II (2028-2029): EU Funds Management Capability
- Stage III (2030+): Capital Markets & Private Investment

NDI transformation will go through 3 stages – immediate focus is on building strong and sustainable institution and then building capacities to pass EU Pillar Assessment and access capital markets

	 Stage I. Strong & Autonomous Institution 2026–2027	 Stage II. EU Funds Management Capability 2028–2029	 Stage III. Capital Markets & Private Investment 2030+
Funding	<ul style="list-style-type: none"> Government of Ukraine International donors: KfW, JICA, CEB, UNDP, EU via implementing partners, etc. 	<ul style="list-style-type: none"> Unlocking direct access to EU funds 	<ul style="list-style-type: none"> Debt securitization SSA bonds¹
Products	<ul style="list-style-type: none"> Focused grants Portfolio guarantees Long-term loans for investment purposes and working capital Consulting products 	<ul style="list-style-type: none"> Products based on direct EU financing VC, equity and quasi-equity products introduced into the existing portfolio 	<ul style="list-style-type: none"> New grants, and debt products created due to issued bonds
Channels	<ul style="list-style-type: none"> Expand network of partner banks Build network of non-banking partners (e.g. credit unions, etc.) Build channel for consulting (e.g. municipalities, employment service, incubators, training providers etc.) 	<ul style="list-style-type: none"> Leverage network of PFIs to distribute new products based on EU financing Build channels for equity products (e.g. VC, PE investors) 	<ul style="list-style-type: none"> Leverage network of PFIs to distribute new products based on issued bonds
Operational prerequisites	<ul style="list-style-type: none"> Upgrade impact assessment methodology and build capabilities 	<ul style="list-style-type: none"> Successfully pass Pillar Assessment from EU (9 pillars) Credit rating for issuance of bonds Rating of sustainable finance 	<ul style="list-style-type: none"> Achieving sufficient maturity to access capital markets

Notes: (1) SSA-type bonds – bonds issued by sovereigns, supranational organizations, and government agencies, which may include green, social, and other development-focused bonds.

NDI is a second-tier (APEX) institution, it develops support programs based on priorities and funding from Government and international donors. Financing reaches final beneficiaries through network of partners



NDI Business model canvas

Ownership and Regulation

- **Special Law on NDI** defines its main purpose, operating principles and principles of corporate governance
- **Government of Ukraine** is the main shareholder, defines priorities and provides funding
- **National bank of Ukraine** regulates NDI activities based on prudential ratios (capital adequacy, liquidity and portfolio concentration)

Operating principles

- **NDI is a second-tier (APEX) institution** and provides funding from donors to final beneficiaries exclusively **through partner financial institutions**

<p>Key Partners</p> <ul style="list-style-type: none"> • Government • Local authorities • International donors and lenders • Advisors • Others <ul style="list-style-type: none"> • Professional associations • Service providers • Educational entities • Event facilitators • Mass-media • Information portals 	<p>Key Activities</p> <ul style="list-style-type: none"> • Fundraising • Program design and implementation • Impact assessment • Government relations • Investments management • Equity/Venture finance • Debt instruments portfolio management 	<p>Value Proposition</p> <ul style="list-style-type: none"> • Grants • Loans • Guarantees • Consulting products • VC, Equity and Quasi-equity products • ESG assessment products 	<p>Customer Relationships</p> <ul style="list-style-type: none"> • Customer segmentation • Customer engagement strategies • Customer feedback mechanism • Customer support channels • Personalization techniques <p>Channels</p> <ul style="list-style-type: none"> • Banks • Credit unions, Microfinance and other financial institutions* • NDI web portal • VC, PE funds, Incubators and other channels for equity products* • Diia.business, State employment service, training providers and other channels for consulting products* 	<p>Customer Segments</p> <ul style="list-style-type: none"> • MSMEs (Core mandate) • Households • Municipalities • Others defined by the Government
<p>Cost Structure</p> <ul style="list-style-type: none"> • Cost of funds (interest payments for loans, fees etc.) • Operational costs • CAPEX 		<p>Revenue Streams</p> <ul style="list-style-type: none"> • Interest income from products (for reinvestments to increase and support portfolio) • Coupon income on UA Government Bonds and other sovereign bonds • Interest income on funds with banks • Management, administrative and institutional development fees 		

Notes: (*) target channels, to be developed in the future
 Strategy of National Development Institution 2026-2030

To ensure NDI sustainability and transparency, the Special Law on NDI provides regulation by the National Bank of Ukraine and defines principles of corporate governance

SPECIAL LAW ON NDI DEFINES FRAMEWORK

- NDI is a state-owned non-profit financial institution with a special status defined by **Special Law on NDI**, the regulatory legal acts adopted to implement it, and the NDI charter
- NDI is a **subject to NBU regulation and supervision (oversight)**

NDI IMPLEMENTED CORPORATE GOVERNANCE IN LINE WITH OECD GUIDELINES

SUPERVISORY BOARD

- 2 representatives of the Government of Ukraine: 1 delegated by **Ministry of Finance** and 1 – by **Ministry of Economy, Environment and Agriculture of Ukraine**
- **Three independent members** with recognized international expertise
- **Audit, Risk, Nomination & Remuneration committees** under Supervisory Board

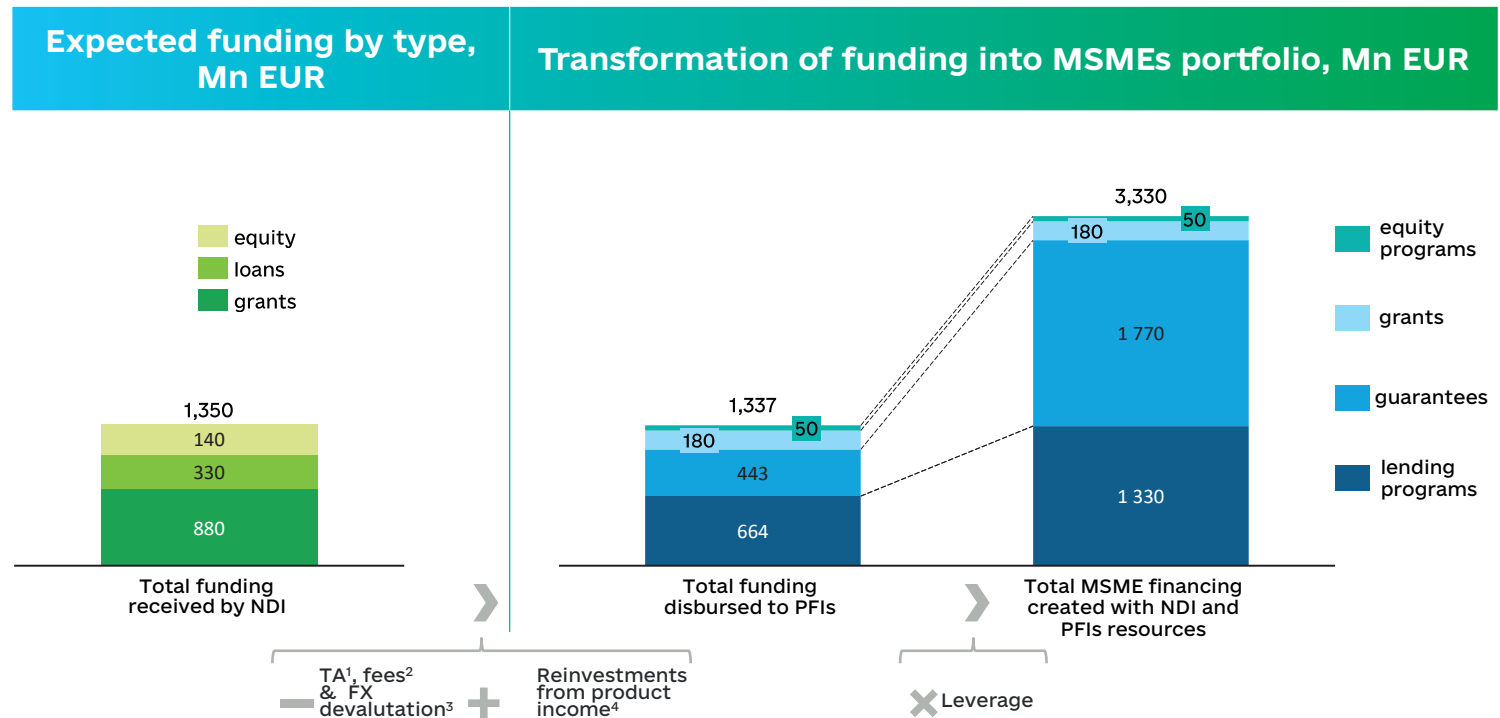
MANAGEMENT BOARD

- Executive body of NDI is **responsible for operational activity and Strategy implementation**
- Split of responsibilities between the Shareholder, Supervisory board and Management board delineated in accordance with **best practices and OECD guidelines**

INTERNAL CONTROL SYSTEM

- **Delineation of functions** within internal control system and their **reporting to Supervisory Board and Management Board** is aligned with best practices and OECD guidelines: internal audit, compliance, risk management, financial monitoring

NDI plans to attract from international partners at least 1.3 Bn EUR during 2026-2030, this will enable the PFIs to inject into economy 3.3 Bn EUR as MSME financing programs



Sources: NDI

Notes: (1) TA – funding from technical assistance for NDI; (2) Fees include management fee to cover NDI operations cost; (3) expected devaluation of portfolio in EUR due to changes in EUR/ UAH exchange rate, as NDI assets are predominantly denominated in UAH; (4) Earnings in the form of commissions PFI pay for using NDI funds

Strategy for 2026-2030 defines priorities to support implementation of National strategies, Government priorities and integrate international best practices



- ### Impact priorities
- Enhancing **Access to Finance** for MSMEs
 - Promoting **Inclusive Growth** and **Social Impact**
 - Supporting **Economic Recovery** and **Regional Development**
 - Promoting **EU integration** and synchronizing with **international DFI community**
 - Supporting **Green Transition** and **Sustainable Development**

- ### Operational priorities
- Enhancing **Impact Measurement**
 - Expanding **Partnerships** and **Ecosystem Development**
 - Strengthening **Institutional Capacity, Operational Efficiency** and ensuring **Financial Sustainability**

NDI will upgrade impact assessment approach to further enhance measurable development results, evidence-based decision-making, and efficient use of funds

Impact assessment:

- A systematic evidence-based way to measure **long-term changes** in economy, society and environment **driven by NDI programs**
- Key metrics for monitoring and analysis:
 - **Social impact:** jobs created or preserved, inclusion of vulnerable groups into program funding and economic activity, etc.
 - **Economic impact:** financial productivity and investment activity, efficient employment by MSMEs
 - **Environmental impact:** energy efficiency, resource use and emissions reduction, etc.

APPROACH AND STAGES:

1. Impact identification:

- Defining the Theory of Change: what changes the program is expected to produce, for whom, and through what mechanisms
- Alignment with NDI strategic goals and program partners' priorities

2. Preliminary Assessment (program design stage):

- Final selection of impact indicators based on Theory of Change
- Analysis of expected impact, risks, and data availability

3. Interim Assessment (during Implementation):

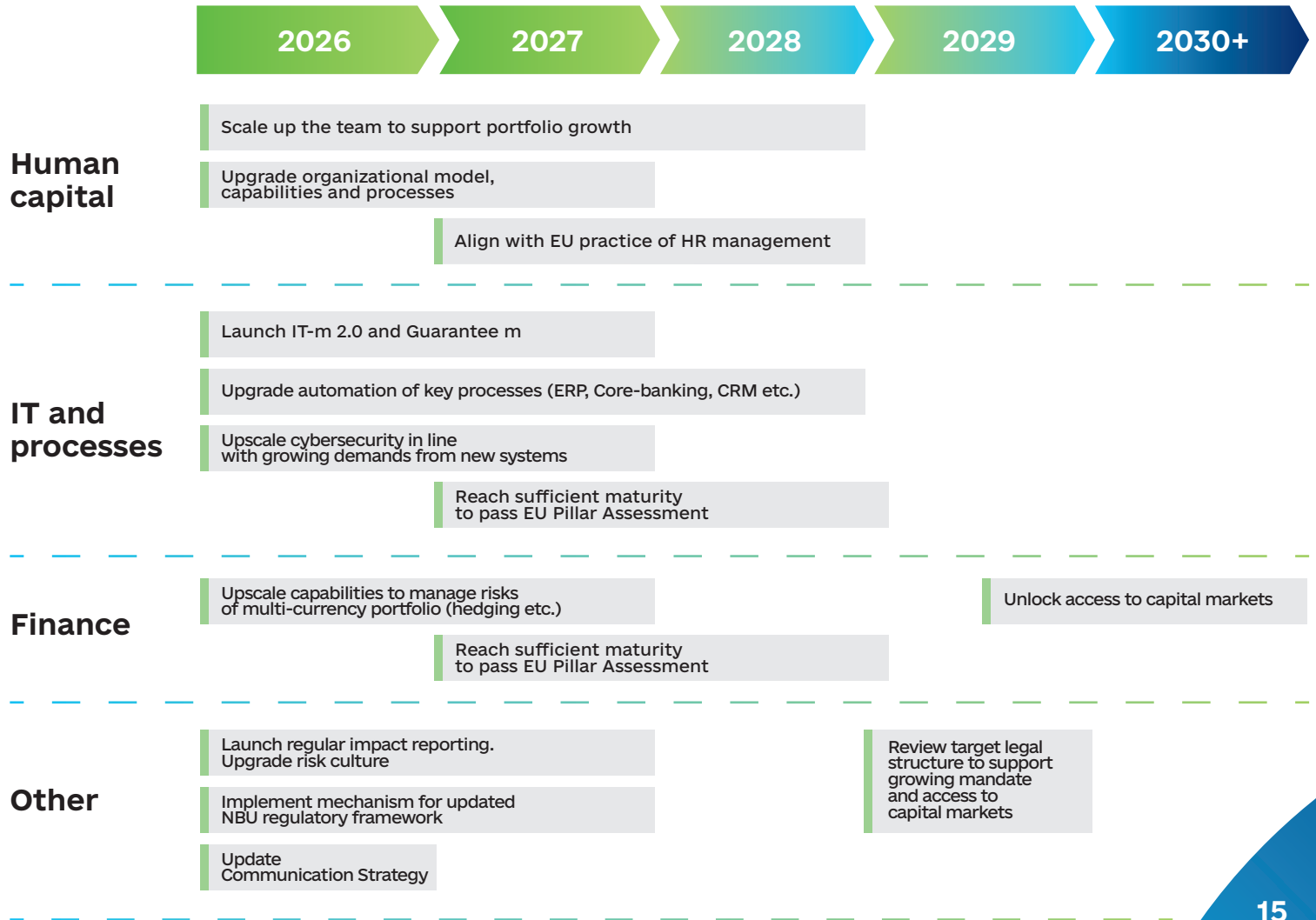
- Regular program performance tracking: at least annually for multi-year programs; quarterly for high-volume lending programs
- Early identification of implementation gaps and development of mitigation recommendations

4. Final Impact Evaluation (after program completion):

- Measuring actual impact
- Comparison of actual and expected impact indicators

- **Support decision-making:** which programs to launch, scale up, change or discontinue
- **Effective use of funds:** focusing on instruments that bring the greatest measurable benefit for target groups and the economy
- **Transparent evidence** for the NDI partners and stakeholders on effect from NDI programs
- **Learning and improvement:** insights best practices that can be leveraged in future programs; institutional capacity building

To ensure Strategy implementation, NDI developed Transformation Roadmap with focus on strengthening capabilities, preparing for EU Pillar Assessment and access to capital markets





NDI

uniting
for
growth