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The legal mechanism for attracting and utilising European Investment Bank credit resources in Ukraine's agricultural sector: The case of the "Main Loan for Agriculture – Ukraine" project

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Abstract
The aim of the study was to identify the structure and characteristics of the legal mechanism for attracting, allocating, utilising and monitoring EIB credit resources in Ukraine's agricultural sector. The methods applied included the systemic-structural, formal-legal, formal-logical and problem-oriented legal method, as well as methods of classification, systematisation, documentary analysis of official financial and control materials, normative reconstruction, legal generalisation and conceptual modelling. It has been established that the legal mechanism for the attracting and utilising of European Investment Bank credit resources in Ukraine has a multi-level structure and combines EU law, international treaty obligations, national legislation, the Bank's institutional documents and contractual instruments. The multi-level nature of this mechanism ensures the consistent specification of the terms of international financing and their transformation into the rights and obligations of national participants. The European Investment Bank's requirements do not automatically become binding on financial intermediaries and final beneficiaries, but rather as a result of their proper incorporation into financial and contractual documentation; the legal consequences of breaches depend on the level of the legal relationship and the relevant legal basis. It has been demonstrated that a change to the original intended use of loan funds in exceptional circumstances is possible provided that the international financial obligations are amended by mutual agreement and this is duly formalised within the national legal mechanism. Control over the use of funds is multi-level and combines contractual monitoring, national control procedures and the institutional requirements of the European Investment Bank. The legal mechanism examined takes the form of a cascading contractual implementation of international financing conditions, whereby the relevant requirements are progressively specified at different levels of legal relations, whilst control and the legal consequences of breaches are differentiated according to their legal nature and the grounds for their application. The practical significance of the findings lies in their potential use by public authorities to improve on-lending and monitoring; by participating banks to verify sub-projects and draft contracts; and by final beneficiaries to determine their obligations and the consequences of breaching them

Keywords:
cascading implementation; on-lending agreements; sub-loan agreements; side letters; temporal applicability; multi-level monitoring; contractual enforceability

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Introduction

Ukraine's European integration is increasingly being achieved through financial instruments that combine access to resources with compliance with institutional, environmental, social and regulatory requirements. For Ukraine's agricultural sector, this is directly linked to the modernisation of production, the development of infrastructure, and ensuring product quality and compliance with EU market requirements. However, in the context of the war, the mobilisation of external financing is taking place against a backdrop of heightened credit risks, the destruction of production capacity and disruptions to logistics networks. The legal framework governing the raising, allocation, use and control of funds, as well as the enforcement of external creditors' requirements on Ukrainian banks and enterprises, remains insufficiently clarified.

Financial constraints faced by agricultural enterprises are examined in the academic literature through the prism of a lack of equity capital and a tightening of bank lending. A. Bilochenko (2023) linked restrictions on bank lending in wartime to obstacles to the formation of a transparent lending policy, changes in the lending activity of commercial banks, and the impact of regulatory decisions by the National Bank of Ukraine. This provides grounds for viewing intermediary banks not merely as channels for the transfer of funds, but as independent participants in creditworthiness assessment, risk management and the control of financed transactions. O. Tomilin & M. Vedmid (2022) examined investment support more broadly, linking it to the renewal of fixed assets, the introduction of technologies and the enhancement of production competitiveness. At the same time, capital raising is hampered by the instability of the economic environment, the riskiness of agricultural activity and the insufficient attractiveness of long-term investments. This indicates that access to credit is not an isolated banking problem, but rather a component of the institutional conditions for the sector's development.

The war-induced transformation of agricultural production conditions is evident in the findings of M. Nehrey & O. Trofimtseva (2022). The main threats identified include the occupation of territories, the disruption of supply chains, the contraction of sales markets, a shortage of production resources, the loss of assets and a reduction in the labour force. The proposed combination of state support, credit programmes, resources from international organisations and technological modernisation explains Ukraine's need for external financing, but leaves open the question of the legal framework governing relations between the lender, the state, banks and enterprises. The structural prerequisites for investment are detailed by A. Tiurina *et al*. (2021). The authors' findings demonstrate the impact of agriculture on employment and economic dynamics in Ukraine, whilst also highlighting the instability of production, low wage levels, the expansion of crop production and the decline in livestock farming. Credit resources should be directed not only towards covering current expenditure but also towards the modernisation of agricultural enterprises.

Specific risks associated with agricultural investments are reflected in the findings of N. Pryshliak *et al.* (2023). The sowing and harvesting campaigns were hampered by hostilities, land mining, shortages of seeds, fuel and fertilisers, the destruction of storage facilities, the blockading of seaports and disruptions to logistics. This combination of threats justifies the inclusion in the funding process of procedures for the preliminary verification of sub-projects, confirmation of the intended use of funds, and subsequent monitoring of funded operations. Ukraine's regulatory response to the exceptional circumstances was systematised by O. Mohylnyi *et al*. (2022). The simplifications introduced in the land, tax, credit, customs and labour sectors supported the continuity of agricultural production; however, they were temporary in nature and did not eliminate long-term threats to food security. This highlights the need to distinguish between domestic procedures, which may be subject to change during martial law, and Ukraine's international financial obligations, which continue to apply under the agreed terms.

The foreign trade dimension of war-related risks is examined by T. Glauben *et al.* (2022). The authors found that the contraction of agricultural production in Ukraine, the blockade of seaports and disruptions to export logistics restricted the supply of cereals and oilseeds to international markets and increased risks to food supplies in import-dependent countries. This complements the characterisation of the financial needs of Ukraine's agricultural sector by encompassing not only the restoration of production, but also the storage, processing and distribution of products. O. Nivievskyi *et al*. (2023) found that small farms account for a significant share of Ukraine's agricultural production but have limited access to financing and government support. This provides a rationale for directing credit resources towards small and medium-sized enterprises, while access to sub-loans depends on the producer having appropriate legal status, its creditworthiness and compliance with the project's eligibility criteria.

Previous studies have examined the economic needs of Ukraine's agricultural sector, war-related risks, and the role of lending and government support. At the same time, insufficient attention has been paid to how the European Investment Bank (EIB) financing conditions are transformed in Ukraine into obligations of intermediary banks and final beneficiaries, and how compliance with those obligations is ensured. Thus, the aim of the study was to identify the system of legal instruments that ensure the attraction, allocation, utilisation and monitoring of EIB credit financing in Ukraine's

agricultural sector, as well as the specific features of their interaction. The following objectives were set to achieve this aim: to determine the structure of the legal mechanism to implement the "Ukraine Agri-Food APEX Loan" project; to determine the relationship between the international treaty, national and institutional and operational levels of the mechanism; to reconstruct the contractual model of implementing EIB requirements based on available statutory, international treaty and official sources to determine the regulatory framework for monitoring and the legal consequences of violations.

Materials and Methods

The study was theoretical and legal in nature. A systemic-structural method was applied to determine the structure of the legal mechanism for implementing the project. The primary units of analysis were individual regulatory and international treaty documents, their provisions, institutional requirements and the procedures provided for therein; their systematisation made it possible to distinguish five interconnected levels of the legal mechanism: the EU regulatory and policy level, the international treaty level, the national public law level, the institutional and operational level, and the contractual level. The legal basis of the EIB's activities relevant at the time of preparation and conclusion of the 2015 Finance Contract was examined on the basis of the acts of primary EU law, Consolidated Version of the Treaty on the Functioning of the European Union[1]. The EU secondary-law act Decision of the European Parliament and of the Council No. 466/2014/EU[2] was analysed to determine the legal basis for the EIB's external financing operations, while the later Regulation of the European Parliament and of the Council No. 2021/947[3] – was used to characterise the subsequent regulatory and policy context. European Commission (2025) report was used to characterise the current context of Ukraine's approximation to EU requirements.

A systemic-structural approach was applied to determine the structure of the legal framework for project implementation. Five interrelated levels of the legal framework were identified: the EU regulatory and policy level, the international treaty level, the national public law level, the institutional and operational level, and the contractual level. The institutional policies of the European Investment Bank (2021; 2022a) were used to characterise the EIB's institutional requirements for project implementation, in particular regarding the prevention of prohibited conduct and compliance with environmental and social requirements. The analysis was carried out according to the following criteria: the main sources of regulation at the relevant level and their function in project implementation.

A classification method was applied to determine the EIB's legal status in Ukraine and the structure of the legal regime established for it. The international treaty in the form of the Framework Agreement between Ukraine and the European Investment Bank[4] was used to identify the elements of the legal regime governing the EIB's activities in Ukraine and was grouped according to the following elements: financial transactions, legal personality, taxation, movement of funds, fiscal and customs conditions, procurement, privileges and immunities, dispute resolution and cooperation between the parties.

To determine the legal nature of the Financial Agreement and the mechanism for its implementation in Ukraine, the method of formal legal analysis was applied; the parties to the Financial Agreement, the parameters and intended purpose of the loan, the procedure for the drawdown, allocation, control and repayment of funds, as well as the legal grounds for the participation of intermediary banks and final beneficiaries were examined. Law of Ukraine No. 1530-VIII[5] was used to establish the legal basis for granting consent to the binding nature of the Financial Agreement, whilst Law of Ukraine No. 1906-IV[6] was used to determine the legal basis for its operation within Ukraine's national legal system. The analysis was conducted according to the following criteria: the legal nature of the obligation, the range of participants, the content of their rights and obligations, the procedure for the movement of funds, and the consequences of breaches of the financing conditions.

A systematisation method was applied to determine the legal basis and functions of the elements of the national mechanism for implementing the project.

[1] Consolidated Version of the Treaty on the Functioning of the European Union. (2012, December). Retrieved from https://eur-lex.europa.eu/eli/treaty/tfeu_2012/art_308/oj/eng.
[2] Decision of the European Parliament and of the Council No. 466/2014/EU "Granting an EU Guarantee to the European Investment Bank against Losses under Financing Operations Supporting Investment Projects Outside the Union". (2014, April). Retrieved from https://upload.wikimedia.org/wikipedia/commons/c/c7/EUD_2014-466.pdf.
[3] Regulation of the European Parliament and of the Council No. 2021/947 "Establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, Amending and Repealing Decision No. 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No. 480/2009". (2021, June). Retrieved from https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R0947.
[4] Framework Agreement between Ukraine and the European Investment Bank. (2005, June). Retrieved from https://zakon.rada.gov.ua/laws/show/994_585#Text.
[5] Law of Ukraine No. 1530-VIII "On the Ratification of the Financial Agreement (Project "Main Loan for the Agricultural Sector – Ukraine") between Ukraine and the European Investment Bank". (2016, September). Retrieved from https://zakon.rada.gov.ua/laws/show/1530-19#Text.
[6] Law of Ukraine No. 1906-IV "On International Treaties of Ukraine". (2004, June). Retrieved from https://zakon.rada.gov.ua/laws/show/1906-15#Text.

Based on the results of the systemic-structural and formal-legal analysis of the international treaty and national regulatory sources examined, the general procedure for projects supported by international financial organisations, the specific project procedure, budgetary provision, and organisational support were identified. A formal-legal method and a documentary analysis of official financial and audit materials were applied to determine the transformation of the budgetary and legal mechanism for implementing the project under martial law. The official information notice of the Ministry of Finance of Ukraine (2022) was used to verify the actual receipt of EUR 382 million in project credit funds into the general fund of the State Budget. Decision of the Accounting Chamber No. 12-1[1] and Decision of the Accounting Chamber No. 9-2[2], as acts of external public financial control, were used to confirm the change in the budgetary route of the credit resources and the reflection of the relevant receipts in the execution of the State Budget. The analysis was conducted according to the following criteria: the legal basis for changing the financing mechanism, the manner in which such change was agreed with the EIB, the direction of the movement of credit funds, the actual budgetary receipt of the funds, and the change in the mechanism for monitoring their use. A normative reconstruction method was applied to determine the place of the on-lending agreement and the sub-loan agreement within the contractual mechanism of the project. On the basis of a formal-legal analysis of the Finance Contract and national regulatory acts governing the budgetary regime applicable to the funds and the participation of banks in project implementation, the normative models of the on-lending agreement and the sub-loan agreement were compared according to the following criteria: the parties, subject matter, legal basis, principal terms, and function within the project implementation mechanism. The full texts of specific on-lending agreements and sub-loan agreements were not used in the study; therefore, the characteristics obtained represent normatively reconstructed models rather than the results of a direct analysis of executed agreements.

A problem-oriented legal method was applied to determine the legal nature of the EIB's side letters and the conditions under which their provisions acquire binding force for project participants. The relationship between the side letters and the Finance Contract, the procedure for incorporating their requirements into the contractual documentation, and the regime governing access to these documents were examined. The international treaty source, Financial agreement between Ukraine and the European Investment Bank (2015), was used to determine the place of the side letters within the project's legal mechanism and to assess their possible legal nature. Access to information and the regime within which it is disclosed was analysed using the institutional policy of the European Investment Bank (2025). Access to published documents was confirmed using the official registry and information system of the Ministry of Finance in Ukraine (n.d.b). The criteria for analysis were the content of the document, its parties, the procedure for approval, the nature of its legal consequences, the method of contractual incorporation, and the access regime. As the full texts of the side letters were unavailable, their specific content was not analysed directly; accordingly, the conclusions regarding their legal nature and legal consequences were formulated within the limits of the available sources.

Legal generalisation was used to establish when the environmental, social, climate, anti-corruption and monitoring conditions for project partners set by the EIB have legal legitimacy. Legal generalisation was carried out according to the criteria of the source of the requirement, the conditions under which it becomes binding, the responsible party, the method of monitoring and the consequences of non-compliance. A conceptual modelling method was applied to generalise the legal mechanism for implementing the project. Based on the results of the preceding stages of analysing regulatory, international treaty and institutional sources, a conceptual model of the legal mechanism for implementing the project was developed. The model distinguishes three functionally separate circuits: regulatory and contractual influence, the movement of credit funds, and the reverse flow of reporting and monitoring results.

Results

The regulatory and contractual framework and the institutional mechanism for implementing the project

The systematisation of regulatory sources demonstrates that the legal mechanism for implementing the "Main Loan for Agriculture – Ukraine" project comprises five interconnected levels: the EU regulatory and policy level, the international treaty level, the national public law level, the institutional and operational level, and the contractual level. They differ in the legal nature of their sources and their functions within the mechanism for attracting, allocating, using and monitoring credit resources, but together form a single sequence for the specification of international financing conditions.

[1] Decision of the Accounting Chamber No. 12-1 "Conclusion on the Results of the Analysis of the Implementation of the Law of Ukraine 'On the State Budget of Ukraine for 2022' in the First Quarter". (2022, June). Retrieved from https://rp.gov.ua/upload-files/Activity/Collegium/2022/12-1_2022/Vys_12-1_2022.pdf.

[2] Decision of the Accounting Chamber No. 9-2 "Conclusions on the Results of the Analysis of the Annual Report on the Implementation of the Law of Ukraine 'On the State Budget of Ukraine for 2022'". (2023, May). Retrieved from https://rp.gov.ua/upload-files/Activity/Collegium/2023/9-2_2023/Vysnov_9-2_2023.pdf.

The EU regulatory and policy level establishes the general legal and institutional framework for the activities of the European Investment Bank. At the time of preparation and conclusion of the 2015 Finance Contract, the relevant legal context was determined by the Consolidated Version of the Treaty on the Functioning of the European Union[1] and Decision of the European Parliament and of the Council No. 466/2014/EU[2]. These acts determined the EIB's legal status, areas of activity and the mechanism for guaranteeing external financing operations. The subsequently adopted Regulation of the European Parliament and of the Council No. 2021/947[3] characterises the current regulatory and policy context of the EU's external financial activities, but is not a source of the original terms of the 2015 project. Ukraine's need for further approximation to European requirements in the areas of food safety, official controls, environmental protection, climate policy and institutional capacity is confirmed by the European Commission (2025).

The international treaty level plays a central role in the mechanism. The general legal framework governing the EIB's activities in Ukraine is set out in the Framework Agreement between Ukraine and the European Investment Bank[4], whilst the specific legal basis for the project is the Finance Contract between Ukraine and the European Investment Bank (2015). The Finance Contract sets out the parameters and intended purpose of the loan, the categories of beneficiaries, and the conditions for the drawdown, allocation, monitoring and repayment of funds. The project is implemented through a sequential contractual mechanism: the funds received by Ukraine are transferred to intermediary banks on the basis of on-lending agreements and subsequently to final beneficiaries under sub-loan agreements. The prerequisites for financing are the sub-project's compliance with the designated purpose of the loan, the eligibility criteria and the agreed conditions governing the use of funds. The project's actual transition to the implementation stage is confirmed by official institutional and government information sources. The official project factsheet of the European Investment Bank (2015) records a transaction worth EUR 400 million, signed on 28 December 2015, and identifies the Ministry of Finance of Ukraine and eligible financial institutions as participants in the financial intermediation mechanism. In November 2020, the Ministry of Finance of Ukraine (2020) announced the launch of a loan programme for small and medium-sized enterprises in the agricultural sector and the approval of the first loan agreements by participating banks under the project.

The financial agreement provides for the allocation of credit resources to expand access to long-term financing for small and medium-sized enterprises and mid-cap companies. At the same time, the regulatory and contractual sources analysed in this study define the objectives and permissible areas of financing, but do not in themselves provide a basis for assessing the actual number of enterprises financed, the volume of loans granted to them, or the practical conditions for accessing finance. Compliance with sanitary, phytosanitary, technical and certification requirements necessitates capital investment in equipment, production processes, laboratory infrastructure and control systems. Access for Ukrainian products to the EU market depends not only on trade liberalisation, but also on producers' ability to meet non-tariff requirements regarding safety, certification, technical compliance and state control (Kucher *et al*., 2022; Ostashko *et al*., 2022).

Environmental, social and climate requirements may determine the eligibility of sub-projects, as well as the procedures for their assessment, monitoring and financing. For intermediary banks and final beneficiaries, EIB documents acquire legal significance to the extent that the relevant requirements are incorporated into the financial and contractual documentation. Their applicability is determined taking into account the time of the transaction's approval and the version of the European Investment Bank (2009; 2020) in force for the specific project. Thus, the regulatory and contractual analysis provides grounds for characterising the "Main Loan for Agriculture – Ukraine" project as a financial and contractual instrument aimed at creating the financial conditions for the modernisation of agricultural production and the adaptation of Ukrainian enterprises to the requirements of the EU market. At the same time, establishing the actual effect of the project on specific enterprises requires a separate analysis of data on disbursements, sub-lending and implemented sub-projects.

The legal mechanism for implementing the project is based on the sequential transfer of international financing conditions into agreements with intermediary banks and final beneficiaries. It encompasses interconnected

[1] Consolidated Version of the Treaty on the Functioning of the European Union. (2012, December). Retrieved from https://eur-lex.europa.eu/eli/treaty/tfeu_2012/art_308/oj/eng.
[2] Decision of the European Parliament and of the Council No. 466/2014/EU "Granting an EU Guarantee to the European Investment Bank against Losses under Financing Operations Supporting Investment Projects Outside the Union". (2014, April). Retrieved from https://upload.wikimedia.org/wikipedia/commons/c/c7/EUD_2014-466.pdf.
[3] Regulation of the European Parliament and of the Council No. 2021/947 "Establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, Amending and Repealing Decision No. 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No. 480/2009". (2021, June). Retrieved from https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R0947.
[4] Framework Agreement between Ukraine and the European Investment Bank. (2005, June). Retrieved from https://zakon.rada.gov.ua/laws/show/994_585#Text.

sources and contractual instruments of different legal natures, whose functional purpose in the attracting, allocation, use and monitoring of credit resources is summarised in Table 1.

Table 1. Structure of the legal mechanism for implementing the "Main Loan for Agriculture – Ukraine" Project

Level of the legal mechanism	Principal sources of regulation	Function in project implementation
EU regulatory and policy level	Consolidated Version of the Treaty on the Functioning of the European Union, Articles 308 and 309; Decision No. 466/2014/EU – the legal basis for the EIB's activities and its external financing operations, applicable at the time the project was approved. Regulation (EU) 2021/947 and the EU's foreign policy and climate priorities – the subsequent regulatory and policy context	Establishes the legal status of the EIB and the scope of its activities, as well as the legal basis for the EIB in providing external finance for the establishment of the project in 2015. Regulation (EU) 2021/947 reflects the subsequent regulatory and policy context of EU and EIB activities, but does not establish the project's original terms or direct lending obligations for Ukrainian banks and enterprises
International treaty level	Framework Agreement between Ukraine and the European Investment Bank; Financial agreement between Ukraine and the European Investment Bank. The "Main Loan for the Agricultural Sector – Ukraine" project	Determines the legal regime governing the EIB's activities in Ukraine, the parameters and designated purpose of the loan, the categories of beneficiaries, and the conditions for disbursement, on-lending, monitoring and repayment
National public law level	Budget Code of Ukraine No. 2456-VI; Law of Ukraine No. 2121-III; Resolution of the Cabinet of Ministers of Ukraine No. 70; Resolution of the Cabinet of Ministers of Ukraine No. 606	Determines the budgetary and legal regime of the loan, the competence of public authorities, the arrangements for project implementation and bank selection, the accounting of transactions, reporting, control and credit risk management
Institutional and operational level	EIB environmental and social documents applicable to the project, the Bank's anti-corruption and control policies, side letters and other agreed operational documents	Specifies the eligibility criteria for beneficiaries and sub-projects, and the procedures for assessment, verification, monitoring, reporting and the prevention of prohibited conduct; acquires binding force through financial and contractual documentation
Contractual level	On-lending agreements; sub-loan agreements	Transforms the terms of the Finance Contract and the applicable EIB requirements into the rights and obligations of intermediary banks and final beneficiaries; regulates the use of funds, reporting, inspections and the consequences of breaches

Source: compiled by the author based on Consolidated Version of the Treaty on the Functioning of the European Union[1], Decision of the European Parliament and of the Council No. 466/2014/EU[2], Regulation of the European Parliament and of the Council No. 2021/947[3], Framework Agreement between Ukraine and the European Investment Bank[4], Financial agreement between Ukraine and the European Investment Bank (2015), Budget Code of Ukraine[5], Law of Ukraine No. 2121-III[6], Resolution of the Cabinet of Ministers of Ukraine No. 70[7], Resolution of the Cabinet of Ministers of Ukraine No. 606[8], European Investment Bank (2009; 2013; 2018; 2020; 2021; 2022a; 2022b)

The central element of the mechanism is the international treaty level. The Framework Agreement between Ukraine and the European Investment Bank establishes the general legal framework for the EIB's activities in Ukraine, whilst the Finance Contract between Ukraine and the European Investment Bank (2015), sets out the terms of the specific loan agreement. Following ratification, the Finance Contract became part of national legislation in accordance with Article 19 of Law of Ukraine No. 1906-IV[9]. At the same time, intermediary banks and final beneficiaries are not parties to it; therefore, their obligations arise from contracts at the national level.

EU law defines the regulatory and policy context for the EIB's activities, but does not replace the contractual

[1] Consolidated Version of the Treaty on the Functioning of the European Union. (2012, December). Retrieved from https://eur-lex.europa.eu/eli/treaty/tfeu_2012/art_308/oj/eng.
[2] Decision of the European Parliament and of the Council No. 466/2014/EU "Granting an EU Guarantee to the European Investment Bank against Losses under Financing Operations Supporting Investment Projects Outside the Union". (2014, April). Retrieved from https://upload.wikimedia.org/wikipedia/commons/c/c7/EUD_2014-466.pdf.
[3] Regulation of the European Parliament and of the Council No. 2021/947 "Establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, Amending and Repealing Decision No. 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No. 480/2009". (2021, June). Retrieved from https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R0947.
[4] Framework Agreement between Ukraine and the European Investment Bank. (2005, June). Retrieved from https://zakon.rada.gov.ua/laws/show/994_585#Text.
[5] Budget Code of Ukraine. (2010, July). Retrieved from https://zakon.rada.gov.ua/laws/show/2456-17#Text.
[6] Law of Ukraine No. 2121-III "On Banks and Banking". (2000, December). Retrieved from https://zakon.rada.gov.ua/laws/show/2121-14#Text.
[7] Resolution of the Cabinet of Ministers of Ukraine No. 70 "On the Procedure for the Preparation, Implementation, Monitoring, and Completion of Economic and Social Development Projects of Ukraine Supported by International Financial Organizations". (2016, January). Retrieved from https://zakon.rada.gov.ua/laws/show/70-2016-%D0%BF.
[8] Resolution of the Cabinet of Ministers of Ukraine No. 606 "On the Implementation of the Joint Project with the European Investment Bank, 'Main Loan for the Agricultural Sector – Ukraine'". (2019, July). Retrieved from https://zakon.rada.gov.ua/laws/show/606-2019-%D0%BF#Text.
[9] Law of Ukraine No. 1906-IV "On International Treaties of Ukraine". (2004, June). Retrieved from https://zakon.rada.gov.ua/laws/show/1906-15#Text.

basis of the project. Regulation No. 2021/947, adopted after the conclusion of the 2015 Financial Agreement, does not alter its original terms and does not create direct loan obligations for Ukrainian banks and enterprises. The terms of the Financial Agreement are progressively specified in the EIB's operational documents, on-lending agreements and sub-loan agreements. Environmental, social and anti-corruption requirements, as well as side letters from the EIB, become binding on banks and final beneficiaries only once they have been duly incorporated into the relevant contractual documentation. Thus, the multi-level nature of the mechanism lies in the transformation of international financing conditions into specific rights and obligations for its national participants. The EIB's legal status in Ukraine is determined by the Framework Agreement between Ukraine and the European Investment Bank. Once it has entered into force in accordance with the established procedure for international treaties, its provisions are applied within the national legal system, taking into account Law of Ukraine No. 1906-IV[1]. The main elements of the legal regime established by the Framework Agreement are summarised in Table 2.

Table 2. Elements of the legal regime governing the EIB's activities in Ukraine under the Framework Agreement

Element of the legal regime	Content of the regulation	Legal basis
Financial transactions	The EIB may carry out activities provided for in its Statute, raise funds, use permitted financial instruments, hold funds and maintain accounts in different currencies	Article 2 of the Framework Agreement
Legal capacity	The EIB has the right to enter into contracts, acquire movable and immovable property, dispose of such property and be a party to legal proceedings	Article 7 of the Framework Agreement
Taxation	Interest, payments, assets and income of the EIB connected with its activities in Ukraine are subject to the tax regime provided for by the Agreement	Article 3 of the Framework Agreement
Movement of funds	Ukraine ensures currency conversion, the making of payments, the transfer of funds outside the country and the disposal of amounts received by the EIB in connection with its operations	Article 4 of the Framework Agreement
Fiscal and customs conditions	EIB projects and agreements relating to their implementation are accorded treatment no less favourable than that afforded to projects of other international financial institutions or to Ukrainian residents	Article 5 of the Framework Agreement
Procurement	The EIB may make financing conditional upon the conduct of tendering and other competitive procedures	Article 6 of the Framework Agreement
Privileges and immunities	The EIB's assets, documents and official communications enjoy special protection, while representatives of the Bank are granted functional immunities in respect of their official acts	Article 8 of the Framework Agreement
Dispute resolution	Disputes concerning project financing and the interpretation of the Framework Agreement are resolved in accordance with arbitration procedures agreed by the parties	Articles 9 and 12 of the Framework Agreement
Cooperation between the parties	Ukraine and the EIB agree on lending objectives and criteria and exchange information on circumstances affecting the implementation of operations	Article 11 of the Framework Agreement

Source: compiled by the author based on Framework Agreement between Ukraine and the European Investment Bank[2]

The Framework Agreement establishes a special functional regime for the EIB, necessary for carrying out investment operations in Ukraine. The Bank does not acquire the status of a Ukrainian credit institution and is not subject to the bank licensing procedure; however, it has contractual, proprietary and procedural legal personality within the scope of activities related to project financing. The EIB's privileges and immunities are likewise functional in nature: they protect the Bank's assets, documents, official communications and the official acts of its representatives, but do not confer general diplomatic status upon them. Accordingly, the Framework Agreement between Ukraine and the European Investment Bank establishes the general legal regime governing the EIB's activities in Ukraine, but does not set out the terms of an individual lending project. The specific contractual basis for the "Ukraine Agri-Food APEX Loan" project is the Financial agreement between Ukraine and the European Investment Bank (2015), consent to be bound by which was granted by Law of Ukraine No. 1530-VIII[3]. The Finance Contract determines the amount and designated purpose of the loan, the procedures for disbursement and repayment of funds, the categories of final beneficiaries, the participation of intermediary banks and the mechanisms for monitoring project implementation. Thus, the contractual basis for the EIB's activities in Ukraine comprises two interconnected levels: the Framework Agreement establishes the Bank's general legal regime, while the Finance Contract governs the implementation of a specific investment project.

Financial agreement between Ukraine and the European Investment Bank (2015) constitutes the specific legal basis for the "Ukraine Agri-Food APEX Loan"

[1] Law of Ukraine No. 1906-IV "On International Treaties of Ukraine". (2004, June). Retrieved from https://zakon.rada.gov.ua/laws/show/1906-15#Text.
[2] Framework Agreement between Ukraine and the European Investment Bank. (2005, June). Retrieved from https://zakon.rada.gov.ua/laws/show/994_585#Text.
[3] Law of Ukraine No. 1530-VIII "On the Ratification of the Financial Agreement (Project "Main Loan for the Agricultural Sector – Ukraine") between Ukraine and the European Investment Bank". (2016, September). Retrieved from https://zakon.rada.gov.ua/laws/show/1530-19#Text.

project. It establishes Ukraine's lending obligation, the designated purpose of the loan, and the conditions governing the disbursement, allocation, monitoring and repayment of funds. Its provisions apply subject to the amendments reflected in the consolidated version dated 10 December 2019. The parties to the Finance Contract are Ukraine as the borrower and the EIB as the lender. Consent to be bound by the Finance Contract was granted by Law of Ukraine No. 1530-VIII[1]. The lending nature of the obligation does not alter the international legal character of the Contract: pursuant to Clause 11.1, it is governed by public international law, while its effect within the national legal system is determined with regard to Law of Ukraine No. 1906-IV[2].

Intermediary banks and final beneficiaries are not parties to the Finance Contract. Their rights and obligations arise from on-lending agreements and sub-loan agreements, while budgetary, banking and contractual legislation provides for the domestic implementation of Ukraine's international obligation. The funds raised are subject to the regime governing external state borrowing under the Budget Code of Ukraine[3]. The Finance Contract provides for a credit facility of up to EUR 400 million to finance eligible investments in the agricultural and agri-food sectors. The funds may be directed towards the production, storage, processing and distribution of cereals and oilseeds, the development of aquaculture and fisheries, as well as laboratory, educational, certification and control infrastructure. At least 70% of the loan is intended to finance small and medium-sized enterprises and mid-cap companies in accordance with the Financial agreement between Ukraine and the European Investment Bank (2015).

Disbursement is carried out in separate tranches following fulfilment of the specified conditions. Intermediary banks assess borrowers' creditworthiness, verify the eligibility of sub-projects, monitor the designated use of funds and prepare reports. At the same time, Ukraine remains responsible to the EIB for repayment of the loan irrespective of whether the banks or final beneficiaries fulfil their obligations. Control consists of checks on documentation, oversight of sub-projects and access to funded assets. Non compliance with the terms of the Finance Contract could lead to early repayment or suspension of funds in accordance with the Financial agreement between Ukraine and the European Investment Bank (2015).

The project's terms are extended to national participants through on-lending agreements and sub-loan agreements, which establish the obligations of banks and final beneficiaries regarding the designated use of resources, the eligibility of sub-projects, reporting, compliance with environmental and social requirements, and access for inspections. The legal basis for the participation of intermediary banks and the requirements governing their activities are established, in particular, Resolution of the Cabinet of Ministers of Ukraine No. 606[4] and Law of Ukraine No. 2121-III[5]. The EIB's approval of the forms and terms of the relevant contractual documentation is financial and contractual in nature and constitutes a prerequisite for financing under the project, but does not amount to the EIB exercising banking supervision in Ukraine. Thus, the Finance Contract combines Ukraine's international credit obligation with national budgetary, banking and contractual procedures through which the allocation of funds, control over their use and compliance with the project requirements are ensured. The consent to be bound by the Finance Contract necessitated the application of national budgetary, administrative and contractual procedures for its implementation. The elements of the relevant organisational and legal mechanism are summarised in Table 3.

Table 3. Legal basis and functions of the elements of the national mechanism for implementing the "Main Loan for Agriculture – Ukraine" project

Element of the mechanism	Legal basis	Function
General procedure for IFI projects	Resolution of the Cabinet of Ministers of Ukraine No. 70	Regulates the preparation, implementation, monitoring, amendment and completion of projects; defines the powers of the Ministry of Finance, the responsible implementing body and the coordinator
Special project procedure	Resolution of the Cabinet of Ministers of Ukraine No. 606	Establishes requirements for participating banks, the foreign exchange and financial terms of on-lending, and the list of documents required for participation in the selection process

[1] Law of Ukraine No. 1530-VIII "On the Ratification of the Financial Agreement (Project "Main Loan for the Agricultural Sector – Ukraine") between Ukraine and the European Investment Bank". (2016, September). Retrieved from https://zakon.rada.gov.ua/laws/show/1530-19#Text.

[2] Law of Ukraine No. 1906-IV "On International Treaties of Ukraine". (2004, June). Retrieved from https://zakon.rada.gov.ua/laws/show/1906-15#Text.

[3] Budget Code of Ukraine. (2010, July). Retrieved from https://zakon.rada.gov.ua/laws/show/2456-17#Text.

[4] Resolution of the Cabinet of Ministers of Ukraine No. 606 "On the Implementation of the Joint Project with the European Investment Bank, 'Main Loan for the Agricultural Sector – Ukraine'". (2019, July). Retrieved from https://zakon.rada.gov.ua/laws/show/606-2019-%D0%BF#Text.

[5] Law of Ukraine No. 2121-III "On Banks and Banking". (2000, December). Retrieved from https://zakon.rada.gov.ua/laws/show/2121-14#Text.

Table 3, Continued

Element of the mechanism	Legal basis	Function
Budgetary support	Budget Code of Ukraine No. 2456-VI; Resolution of the Cabinet of Ministers of Ukraine No. 70	Defines the framework for government external borrowing, budgetary accounting, the earmarking of funds and their repayment
Organisational support	Financial agreement between Ukraine and the European Investment Bank. The "Main Loan for the Agricultural Sector – Ukraine" project; Resolution of the Cabinet of Ministers of Ukraine No. 70	Provides for the activities of the coordinator and the Project Management Group, the preparation of documentation, interaction with the EIB and banks, the collection of information and reporting

Source: compiled by the author based on Resolution of the Cabinet of Ministers of Ukraine No. 70[1], Resolution of the Cabinet of Ministers of Ukraine No. 606[2], Budget Code of Ukraine[3], Financial agreement between Ukraine and the European Investment Bank (2015)

Resolution of the Cabinet of Ministers of Ukraine No. 70[4] and Resolution of the Cabinet of Ministers of Ukraine No. 606[5] relate to each other as acts of general and specific procedural regulation, respectively. The former establishes the general procedure for implementing projects supported by international financial organisations, whereas the latter specifies the conditions for banks' participation in the project under study. National subordinate legislation ensures the implementation of the Finance Contract but cannot unilaterally alter the amount, currency, maturity, or designated purpose of the loan. The transfer of funds to intermediary banks likewise does not terminate Ukraine's obligation to the EIB to repay them; therefore, the terms of on-lending must comply with the budgetary regime applicable to the funds and the provisions of the Finance Contract. The Project Management Group performs an organisational and support function, ensuring the preparation of documents, information exchange and reporting. At the same time, it is not a party to the Finance Contract, an independent public authority, or an entity responsible for assessing borrowers' creditworthiness. Thus, the national mechanism does not alter Ukraine's international obligation but ensures its administrative, budgetary and contractual implementation.

Under martial law, the budgetary and legal mechanism for implementing the project underwent significant transformation. In connection with the military aggression of the Russian Federation and the imposition of martial law, Resolution of the Cabinet of Ministers of Ukraine No. 196[6] provided for approval of the EIB's proposal to waive certain conditions of two Finance Contracts and to direct part of the credit funds raised under them to the general fund of the State Budget. Of the total amount subject to such reallocation, EUR 382 million related specifically to the "Ukraine Agri-Food APEX Loan" project, while EUR 257 million related to the project for lending to small and medium-sized enterprises and mid-cap companies. The change in the procedure for using the funds was not undertaken unilaterally by Ukraine but was based on an amendment to the contractual terms agreed with the EIB. Order of the President of Ukraine No. 30/2022-rp[7] authorised the Minister of Finance of Ukraine to sign Waiver Letter No. 1 to the two respective Finance Contracts. Thus, the legal basis for redirecting the funds consisted of a combination of a decision of the Cabinet of Ministers of Ukraine and an amendment to the terms of the international financing agreed with the lender.

For the agricultural project mechanism, this meant a temporary change in the manner in which a significant portion of the credit resources was used: EUR 382 million was directed not through the ordinary chain of on-lending to intermediary banks followed by sub-lending to final beneficiaries, but towards financing the general fund of the State Budget. At the same

[1] Resolution of the Cabinet of Ministers of Ukraine No. 70 "On the Procedure for the Preparation, Implementation, Monitoring, and Completion of Economic and Social Development Projects of Ukraine Supported by International Financial Organizations". (2016, January). Retrieved from https://zakon.rada.gov.ua/laws/show/70-2016-%D0%BF.

[2] Resolution of the Cabinet of Ministers of Ukraine No. 606 "On the Implementation of the Joint Project with the European Investment Bank, 'Main Loan for the Agricultural Sector – Ukraine'". (2019, July). Retrieved from https://zakon.rada.gov.ua/laws/show/606-2019-%D0%BF#Text.

[3] Budget Code of Ukraine. (2010, July). Retrieved from https://zakon.rada.gov.ua/laws/show/2456-17#Text

[4] Resolution of the Cabinet of Ministers of Ukraine No. 70 "On the Procedure for the Preparation, Implementation, Monitoring, and Completion of Economic and Social Development Projects of Ukraine Supported by International Financial Organizations". (2016, January). Retrieved from https://zakon.rada.gov.ua/laws/show/70-2016-%D0%BF.

[5] Resolution of the Cabinet of Ministers of Ukraine No. 606 "On the Implementation of the Joint Project with the European Investment Bank, 'Main Loan for the Agricultural Sector – Ukraine'". (2019, July). Retrieved from https://zakon.rada.gov.ua/laws/show/606-2019-%D0%BF#Text.

[6] Resolution of the Cabinet of Ministers of Ukraine No. 196 "Issues Relating to the Implementation of Joint Projects with the European Investment Bank: 'Main Loan Facility for Small and Medium-Sized Enterprises and Mid-Cap Companies' and 'Main Loan Facility for the Agricultural Sector – Ukraine'". (2022, March). Retrieved from https://zakon.rada.gov.ua/laws/show/196-2022-%D0%BF#Text.

[7] Order of the President of Ukraine No. 30/2022-rp "On Authorising S. Marchenko to sign Letter of Rejection No. 1 to the Financial Agreement between Ukraine and the European Investment Bank (Project 'Main Loan for Small and Medium-sized Enterprises and Mid-cap Companies') and the Financial Agreement between Ukraine and the European Investment Bank (Project 'Main Loan for the Agricultural Sector – Ukraine')". (2022, March). Retrieved from https://www.president.gov.ua/documents/302022-rp-41593.

time Resolution of the Cabinet of Ministers of Ukraine No. 196[1] required the Ministry of Finance, when preparing the Budget Declaration for 2023-2025, the State Budget for 2023 and subsequent periods, to provide for the funds necessary to complete the implementation of the projects and achieve the objectives specified in the Finance Contracts, together with JSC "Ukreximbank" as the Agent. Accordingly, the wartime modification did not entail the termination of the project itself but altered the budgetary route for using part of the borrowed resources while preserving the need to achieve its objectives in the future.

The actual implementation of this budgetary transformation is confirmed by data from the Ministry of Finance of Ukraine (2022): in January-September 2022, among external borrowings credited to the general fund of the State Budget, EUR 382 million, or UAH 12.6 billion, represented EIB loans under the "Main Loan for the Agricultural Sector" project. This indicates that in 2022, for the relevant portion of the credit resources, the original mechanism of on-lending through intermediary banks was replaced by the budgetary allocation of funds to the general fund of the State Budget. At the analytical level, this also entailed a change in the monitoring mechanism: with regard to the redirected EUR 382 million, monitoring could no longer be limited to verifying on-lending by banks and individual sub-projects but also encompassed the budgetary accounting and use of funds channelled to the general fund. At the same time, Resolution of the Cabinet of Ministers of Ukraine No. 196 provided for continued budgetary provision for completion of the project and achievement, together with JSC "Ukreximbank" as the Agent, of the objectives established by the Finance Contract. Thus, the waiver of certain conditions agreed with the EIB and the redirection of credit funds did not entail termination of the Finance Contract, but transformed the mechanism for its implementation under martial law while preserving the need to achieve the project objectives agreed with the EIB.

The change in the budgetary route of the credit resources is also confirmed by materials of external public financial control. Decision of the Decision of the Accounting Chamber No. 12-1[2] based on an analysis of the execution of the State Budget in the first quarter of 2022, recorded receipts of UAH 21.1 billion into the general fund under two EIB projects – "Ukraine SME and Mid-Cap APEX Loan" and "Ukraine Agri-Food APEX Loan" – and linked the change in the procedure for receiving these funds to Resolution of the Cabinet of Ministers of Ukraine No. 196. Decision of the Accounting Chamber No. 9-2[3] based on an analysis of the annual execution of the State Budget for 2022, likewise recorded UAH 21.1 billion in receipts under these two projects and indicated that the credit funds were directed towards financing priority expenditure of the general fund following the waiver of certain conditions of the Finance Contracts agreed with the EIB. As this amount relates collectively to the two projects, it is used in this study as evidence of the change in the budgetary mechanism rather than as an indicator of the volume of funds attributable exclusively to the agricultural project.

Contractual implementation of EIB requirements, monitoring and legal implications

Implementation of the "Main Loan for Agriculture – Ukraine" Project is carried out through a sequential contractual chain: the EIB lends to Ukraine, the State on-lends the resources to participating banks, and the banks provide loans to final beneficiaries. The terms of the Finance Contract do not automatically become binding on these participants but are progressively specified at subsequent contractual levels, providing grounds for characterising this mechanism as the cascading contractual implementation of EIB requirements in accordance with the Financial agreement between Ukraine and the European Investment Bank (2015). A participating bank is not a party to the Finance Contract and does not bear international legal responsibility towards the EIB. Its participation in the project mechanism is determined by Ukrainian legislation, Resolution of the Cabinet of Ministers of Ukraine No. 606[4] and the contractual terms of on-lending. The bank assesses the borrower's creditworthiness, manages credit risk, verifies the eligibility of the sub-project, monitors the use of funds and prepares reports. Approval of a sub-project by the EIB or the Ukrainian party does not replace the bank's independent assessment of credit risk in accordance with Resolution of the Cabinet of Ministers of Ukraine No. 606[5] and Law of Ukraine No. 2121-III[6] (Table 4).

[1] Resolution of the Cabinet of Ministers of Ukraine No. 196 "Issues Relating to the Implementation of Joint Projects with the European Investment Bank: 'Main Loan Facility for Small and Medium-Sized Enterprises and Mid-Cap Companies' and 'Main Loan Facility for the Agricultural Sector – Ukraine'". (2022, March). Retrieved from https://zakon.rada.gov.ua/laws/show/196-2022-%D0%BF#Text.

[2] Decision of the Accounting Chamber No. 12-1 "Conclusion on the Results of the Analysis of the Implementation of the Law of Ukraine 'On the State Budget of Ukraine for 2022' in the First Quarter". (2022, June). Retrieved from https://rp.gov.ua/upload-files/Activity/Collegium/2022/12-1_2022/Vys_12-1_2022.pdf.

[3] Decision of the Accounting Chamber No. 9-2 "Conclusions on the Results of the Analysis of the Annual Report on the Implementation of the Law of Ukraine 'On the State Budget of Ukraine for 2022'". (2023, May). Retrieved from https://rp.gov.ua/upload-files/Activity/Collegium/2023/9-2_2023/Vysnov_9-2_2023.pdf.

[4] Resolution of the Cabinet of Ministers of Ukraine No. 606 "On the Implementation of the Joint Project with the European Investment Bank, 'Main Loan for the Agricultural Sector – Ukraine'". (2019, July). Retrieved from https://zakon.rada.gov.ua/laws/show/606-2019-%D0%BF#Text.

[5] Resolution of the Cabinet of Ministers of Ukraine No. 606 "On the Implementation of the Joint Project with the European Investment Bank, 'Main Loan for the Agricultural Sector – Ukraine'". (2019, July). Retrieved from https://zakon.rada.gov.ua/laws/show/606-2019-%D0%BF#Text.

[6] Law of Ukraine No. 2121-III "On Banks and Banking". (2000, December). Retrieved from https://zakon.rada.gov.ua/laws/show/2121-14#Text.

Table 4. Comparison of normatively reconstructed models of the on-lending agreement and sub-loan agreement within the project implementation mechanism

Criterion	Normative model of the on-lending agreement	Normative model of the sub-loan agreement
Parties	Authorised Ukrainian entity and participating bank	Participating bank and final beneficiary
Subject matter	Transfer of resources to the bank for on-lending	Provision of a loan to a specific agricultural enterprise
Legal basis	Financial agreement between Ukraine and the European Investment Bank. The "Main Loan for the Agricultural Sector – Ukraine" project; Budget Code of Ukraine No. 2456-VI; Resolution of the Cabinet of Ministers of Ukraine No. 606; agreed EIB project documents	Law of Ukraine No. 2121-III; on-lending terms and applicable project requirements
Main terms and conditions	Amount, currency, repayment period, categories of beneficiaries, financing areas, reporting and control	Loan amount, interest rate, repayment period, security, designated use, investment eligibility, reporting and inspections
Function	Reflects the contractual transfer of the applicable terms of international financing to the level of the participating bank	Reflects the contractual incorporation of the applicable project requirements at the level of the final beneficiary

Note: the table has been compiled by reconstructing the contractual framework on a normative basis, drawing on the Financial Agreement, national legislation and available project documentation. The full texts of specific on-lending agreements and sub-loan agreements were not used in the study; therefore, the characteristics presented reflect their normative reconstructed models, rather than the results of a direct analysis of the concluded agreements

Source: compiled by the author based on Financial agreement between Ukraine and the European Investment Bank (2015), Resolution of the Cabinet of Ministers of Ukraine No. 606[1], Budget Code of Ukraine[2], Law of Ukraine No. 2121-III[3]

Normative reconstruction provides grounds for distinguishing the on-lending agreement and the sub-loan agreement according to their presumed parties, subject matter and function within the project implementation mechanism. At the model level, the on-lending agreement provides for the transfer of resources to a bank for subsequent lending and ensures that the funds remain subject to the designated-use regime, whereas the sub-loan agreement constitutes the legal form for providing financing to a specific final beneficiary. At the same time, a definitive determination of the content of the parties' rights and obligations, the grounds for suspension of financing, early repayment of funds and the bank's liability would require an analysis of the full texts of the relevant agreements, which were not used in this study. On the basis of the available regulatory and project sources, it may be established that, at the sub-loan level, the designated use of funds, investment eligibility, documentary verification of expenditure, reporting and the possibility of monitoring must be ensured. The EIB's environmental and social requirements may acquire binding force for the final beneficiary to the extent that they are properly incorporated into the relevant contractual documentation. Thus, the normative model provides for the sequential transfer of applicable project requirements from the international level to the intermediary bank and the final beneficiary; however, the specific scope of their contractual rights, obligations and liability depends on the content of the agreements concluded.

Financial agreement between Ukraine and the European Investment Bank (2015) provides for the use of side letters from the EIB to specify certain conditions for the implementation of the "Main Loan for Agriculture – Ukraine" project. As the full texts of the relevant documents were not utilised within the scope of this study, their content and legal implications cannot be established directly and are assessed solely within the framework of the provisions of the Finance Agreement and the general rules governing international treaties set out in Law of Ukraine No. 1906-IV[4]. In terms of their function, side letters may specify the eligibility criteria for beneficiaries and sub-projects, eligible expenditure, the procedure for verifying documents, reporting formats and the procedures for approving transactions. Thus, at the level of the regulatory and contractual framework, their purpose is to specify the general provisions of the Financial Agreement in the form of operational funding criteria.

The legal nature of a specific addendum depends on its content, the parties involved, the procedure for its approval, and its intent to create legal consequences. An addendum should not automatically be classified as a normative act of an international organisation or an

[1] Resolution of the Cabinet of Ministers of Ukraine No. 606 "On the Implementation of the Joint Project with the European Investment Bank, 'Main Loan for the Agricultural Sector – Ukraine'". (2019, July). Retrieved from https://zakon.rada.gov.ua/laws/show/606-2019-%D0%BF#Text.
[2] Budget Code of Ukraine. (2010, July). Retrieved from https://zakon.rada.gov.ua/laws/show/2456-17#Text.
[3] Law of Ukraine No. 2121-III "On Banks and Banking". (2000, December). Retrieved from https://zakon.rada.gov.ua/laws/show/2121-14#Text.
[4] Law of Ukraine No. 1906-IV "On International Treaties of Ukraine". (2004, June). Retrieved from https://zakon.rada.gov.ua/laws/show/1906-15#Text.

integral part of the Financial Agreement without analysing its content and the procedure for its adoption. For participating banks and final beneficiaries, the requirements set out in side letters may acquire binding force provided that they are properly incorporated into the relevant contractual documentation, including the terms of on-lending and sub-lending. The mere existence of such a letter does not create direct obligations for Ukrainian enterprises, since their legal relationship with EIB requirements arises through the relevant contractual mechanisms. Side letters may specify document templates, verification procedures, technical parameters and reporting arrangements; however, the question of whether they may alter the amount, maturity, designated purpose of the loan, categories of beneficiaries or other fundamental obligations of the parties requires an assessment of the content of the particular document and the procedure by which it was approved.

No availability of relevant materials within the IFIs projects (n.d.) is not, by itself, enough to assume these materials are confidential. Access to the materials and potential for disclosure should be considered in relation to the European Investment Bank (2025). Thus, side letters serve to operationalise the terms of the Financial Agreement; however, a conclusion regarding their specific legal nature, content and degree of binding force is only possible after examining the full texts of the relevant documents. Environmental, social and climate requirements affect the eligibility of sub-projects, their preliminary screening, the contractual obligations of participants, and the consequences of breaches of the financing conditions. At the same time, a distinction should be made between the requirements of Ukrainian legislation, EIB institutional documents, and specific requirements incorporated into the financial and contractual documentation. For the final beneficiary, the requirements of national legislation and the provisions of the relevant sub-loan agreement are directly binding. To characterise the EIB's environmental and social approach as developed at the time of preparation and conclusion of the 2015 Finance Contract, this study uses reports of the European Investment Bank (2009; 2013). These documents reflect the EIB's institutional principles and procedures relevant to the regulatory context of the 2015 operation. At the same time, the specific scope of their contractual applicability to the project is determined by the provisions of the Finance Contract and the project documentation.

The European Investment Bank (2018) Environmental and Social Standards, Version 10.0 is a later version of the EIB's environmental and social requirements and is used in this study to analyse the subsequent evolution of the standards following the conclusion of the Finance Contract. The same status applies to European Investment Bank (2020; 2022a; 2022b). These documents characterise the subsequent development of the climate, environmental and social policies of the EIB and the EIB Group, but do not, in themselves, amend the terms of the 2015 Finance Contract and cannot automatically be regarded as applicable to the operation under study. Their application to the project is possible to the extent that the relevant requirements have been properly incorporated into the amended financial, operational or contractual documentation. Accordingly, the applicability of EIB standards is determined not only by the date and version of the document but also by the manner in which it has been incorporated into the legal mechanism of the particular operation. A general reference to compliance with "all EIB standards" does not provide sufficient legal certainty: the relevant contractual documentation must make it possible to identify the specific requirements, the monitoring procedures and the consequences of their breach.

Within the scope of its assigned functions, the participating bank verifies the compliance of the sub-project with the established requirements, assesses environmental and social risks, verifies the availability of the necessary permits, and conducts subsequent monitoring. EIB approval of a sub-project does not replace environmental impact assessment procedures, the obtaining of permits, or other requirements of Ukrainian legislation. EIB standards are not equivalent to EU law. They primarily concern the assessment and management of environmental, climate and social risks, whereas sanitary, veterinary and phytosanitary requirements, certification, labelling and product traceability are governed by specific legislation of Ukraine and the EU. The project creates the financial conditions for modernising production and complying with such requirements. The need for Ukraine to continue approximating its legislation to EU law in the relevant areas is confirmed by the European Commission (2025); however, this document does not determine the original terms of the project and does not establish its actual effectiveness. Non-compliance with the established requirements may result in refusal of financing, additional assessment of the sub-project, suspension of disbursements, implementation of corrective measures, or early repayment of funds, where such consequences are provided for in the applicable contractual documentation. Thus, the legal effect of environmental, social and climate requirements with respect to banks and final beneficiaries arises through their proper incorporation into agreements at the relevant level.

The project's control mechanism encompasses information disclosure, reporting, verification of the designated use of funds, prevention of prohibited conduct and the application of consequences for breaches. The European Investment Bank Group (2025) follows the principle of information disclosure, subject to established exceptions concerning protected information. Where a restriction applies only to part of a document, the possibility of disclosing the remainder is assessed

separately. Ministry of Finance of Ukraine (n.d.) the official site contains general information about Ukraine's cooperation with international financial institutions. Registry information for these projects can be obtained from the IFIs projects (n.d.). Contract, audit and reporting information for specific transactions is not available from these sources.

Monitoring is carried out at several levels. The EIB monitors compliance with the Financial agreement between Ukraine and the European Investment Bank (2015) and the eligibility of operations within the procedures provided for therein; the Ministry of Finance and the responsible implementing entity ensure project implementation and reporting in accordance with Resolution of the Cabinet of Ministers of Ukraine No. 70[1]; the participating bank monitors compliance with the terms of the relevant sub-loan arrangements. Information flows from the final beneficiary through the bank and the Ukrainian side to the EIB. The prevention of prohibited conduct within the EIB's activities is governed by European Investment Bank Group (2021). However, the potential to extend contractual consequences to an intermediary or end beneficiary also relies on implementation of the prohibitions, information requirements and remedies at the correct level within the contract (Table 5).

Table 5. Systematisation of legal consequences of breaches by level of legal relationship within the project implementation mechanism

Level of legal relationship	Entity to whom the legal consequence may apply	Legal basis	Legal consequence	Entity authorised to apply the legal consequence
International treaty level	Ukraine as a borrower	Financial agreement between Ukraine and the European Investment Bank. The "Main Loan for the Agricultural Sector – Ukraine" project	Suspension of further disbursements or a demand for early repayment of the loan, where provided for and in accordance with the procedure established by the Finance Contract	EIB as the lender
On-lending contractual level	Participating bank	On-lending agreement; Resolution of the Cabinet of Ministers of Ukraine No. 606 as the regulatory basis for the bank's participation in the project mechanism	Suspension of further on-lending, a requirement to remedy the breach or repayment of funds, provided that the relevant consequence is expressly stipulated in the specific on-lending agreement	The party authorised under the on-lending agreement in accordance with the allocation of rights and obligations provided therein
Banking contractual level of sub-lending	Final beneficiary	Sub-loan agreement; Law of Ukraine No. 2121-III; applicable project requirements incorporated into the agreement	Refusal to provide further lending, suspension of the provision of funds, a requirement to remedy the breach or early repayment of the loan, where the relevant consequence is provided for in the sub-loan agreement	Participating bank as the lender
Public-law (budgetary)	Participant in the budgetary process that has committed a breach of budgetary legislation	Budget Code of Ukraine No. 2456-VI, Articles 116-118	Application of a measure provided for by budgetary legislation, depending on the type of breach established, including a warning requiring the breach to be remedied, suspension of operations involving budgetary funds, suspension or reduction of budgetary appropriations, or repayment of budgetary funds	Authorities and officials designated by the Budget Code of Ukraine No. 2456-VI, within their respective competences, including the Ministry of Finance of Ukraine, Treasury authorities, state financial control authorities and chief spending units of budget funds

Note: the specific contractual consequences at the on-lending and sub-loan levels depend on the content of the relevant agreements. As the full texts of such contracts were not utilised within the scope of this study, the table sets out the types of normative legal consequences reconstructed on the basis of the relevant legislation. Their actual application is possible only where there is a corresponding legal or contractual basis

Source: compiled by the author based on Financial agreement between Ukraine and the European Investment Bank (2015), Resolution of the Cabinet of Ministers of Ukraine No. 606[2], Budget Code of Ukraine[3], Law of Ukraine No. 2121-III[4]

The legal consequences of breaches within the project implementation mechanism are of different legal nature and apply within distinct legal relationships. At the international treaty level, the relevant consequences arise in the relationship between Ukraine and the EIB and are applied by the EIB as the lender on the

[1] Resolution of the Cabinet of Ministers of Ukraine No. 70 "On the Procedure for the Preparation, Implementation, Monitoring, and Completion of Economic and Social Development Projects of Ukraine Supported by International Financial Organizations". (2016, January). Retrieved from https://zakon.rada.gov.ua/laws/show/70-2016-%D0%BF.

[2] Resolution of the Cabinet of Ministers of Ukraine No. 606 "On the Implementation of the Joint Project with the European Investment Bank, 'Main Loan for the Agricultural Sector – Ukraine'". (2019, July). Retrieved from https://zakon.rada.gov.ua/laws/show/606-2019-%D0%BF#Text.

[3] Budget Code of Ukraine. (2010, July). Retrieved from https://zakon.rada.gov.ua/laws/show/2456-17#Text.

[4] Law of Ukraine No. 2121-III "On Banks and Banking". (2000, December). Retrieved from https://zakon.rada.gov.ua/laws/show/2121-14#Text.

basis of the Finance Contract. At the on-lending level, contractual consequences may be applied to a participating bank only on the basis of the relevant on-lending agreement and by the party authorised under that agreement. At the sub-loan level, legal consequences arise in the relationship between the participating bank and the final beneficiary and are applied by the bank as the lender in accordance with the sub-loan agreement. Public law consequences have an independent legal basis: they arise in the event of a breach of budgetary legislation and are applied by state authorities or other entities authorised by law within the scope of their respective competences. Thus, the legal consequences of breaches within the project implementation mechanism are differentiated according to the level of the legal relationship, the relevant entity, the legal basis and the entity authorised to apply them. A breach of financing conditions should not automatically be equated with a breach of Ukrainian budgetary or other legislation, nor should the contractual remedies available to the EIB or the participating bank be equated with public law measures. The project's control mechanism therefore combines transparency, multi-level monitoring, anti-corruption procedures and response measures differentiated according to their legal nature.

Accordingly, the legal mechanism for implementing the "Main Loan for Agriculture – Ukraine" Project should be regarded as the successive transformation of the general terms of international financing into legally defined obligations of participants in national legal relationships. At the same time, the changes introduced in 2022 demonstrated the possibility of modifying the original financial route with the EIB's agreement under martial law, as reflected in the conceptual model (Fig. 1).

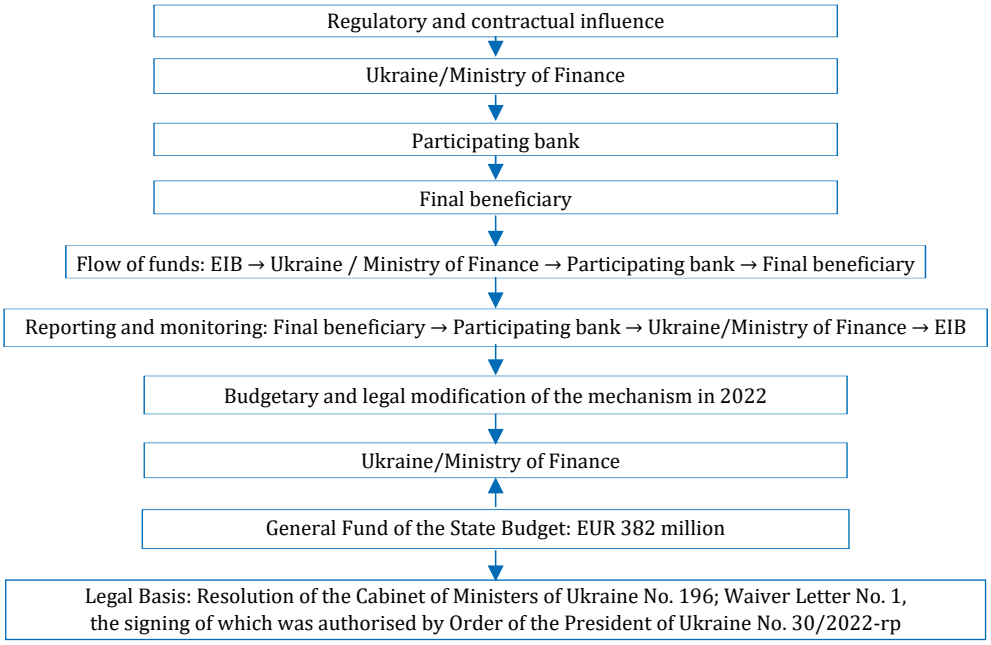


Figure 1. Conceptual model of the legal mechanism for implementing the "Main Loan for Agriculture – Ukraine" project

Note: the proposed model is conceptual and analytical in nature and was developed through the systematisation of available regulatory, international treaty and institutional sources. A separate element of the model represents the budgetary and legal transformation of the mechanism in 2022, associated with the allocation of EUR 382 million from the agricultural project to the general fund of the State Budget, as agreed with the EIB. Empirical verification of the other contractual relationships represented in the model requires examination of the full texts of the EIB's side letters, on-lending agreements, sub-loan agreements and monitoring materials relating to specific sub-projects

Source: compiled by the author based on Consolidated Version of the Treaty on the Functioning of the European Union[1], Decision of the European Parliament and of the Council No. 466/2014/EU[2], Framework Agreement between Ukraine and the European Investment Bank[3], Financial agreement between Ukraine and the European Investment

[1] Consolidated Version of the Treaty on the Functioning of the European Union. (2012, December). Retrieved from https://eur-lex.europa.eu/eli/treaty/tfeu_2012/art_308/oj/eng.
[2] Decision of the European Parliament and of the Council No. 466/2014/EU "Granting an EU Guarantee to the European Investment Bank against Losses under Financing Operations Supporting Investment Projects Outside the Union". (2014, April). Retrieved from https://upload.wikimedia.org/wikipedia/commons/c/c7/EUD_2014-466.pdf.
[3] Framework Agreement between Ukraine and the European Investment Bank. (2005, June). Retrieved from https://zakon.rada.gov.ua/laws/show/994_585#Text.

Bank (2015), Budget Code of Ukraine[1], Law of Ukraine No. 2121-III[2], Resolution of the Cabinet of Ministers of Ukraine No. 70[3], Resolution of the Cabinet of Ministers of Ukraine No. 606[4], Resolution of the Cabinet of Ministers of Ukraine No. 196[5], Order of the President of Ukraine No. 30/2022-rp[6], European Investment Bank (2009; 2013; 2018; 2020; 2021; 2022a; 2022b; 2025)

The conceptual model illustrates three functionally distinct circuits of the legal mechanism for implementing the project. The first circuit characterises the regulatory and contractual framework, within which the terms of international financing are specified at the level of Ukraine, the participating bank and the final beneficiary. The second component illustrates the flow of credit funds from the EIB through Ukraine and the participating bank to the final beneficiary. The third component shows the reverse flow of reporting and monitoring results from the final beneficiary through the participating bank and the Ukrainian side to the EIB. A separate section illustrates the budgetary and legal modification of the mechanism in 2022, when EUR 382 million from the agricultural project was channelled into the general fund of the state budget on the basis of changes to the financing terms agreed with the EIB. Thus, the model distinguishes between regulatory influence, financial flows and information and control flows, whilst also reflecting the change in the original route of part of the credit resources in 2022.

Given the limited availability of contractual and monitoring documentation, areas for improving the mechanism can only be identified at a conceptual level. In particular, the possibility of partially disclosing additional EIB letters and standard contractual terms, with confidential information redacted, warrants further consideration. Greater legal certainty could also be promoted by specifying precisely in on-lending agreements and sub-loan agreements the versions of EIB policies, standards and operational documents whose requirements apply to the respective participants. A matrix linking individual project requirements to their legal sources, responsible parties, methods of verifying compliance and the contractual consequences of non-compliance could be considered as a potential organisational tool for monitoring. The practical feasibility of such approaches needs to be assessed using the terms of specific agreements and sub-projects. Thus, the legal mechanism for project implementation combines international treaty-based, national and contractual means. The proposed model reflects the systematic transformation of EIB requirements into legal obligations for banks and final beneficiaries, as well as their multi-level monitoring.

Discussion

The results of the study showed that implementation of the "Main Loan for Agriculture – Ukraine" Project is carried out through a multi-level legal mechanism that combines EU regulatory and policy orientations, international treaties, national budgetary and administrative procedures, EIB operational documents, on-lending agreements and sub-loan agreements. This is consistent with the study by B. Erforth & N. Keijzer (2025), which linked changes in the EIB's positioning with the strengthening of its climate and global role, as well as with the work of D. Hodson & D. Howarth (2024), who examined the institutional interaction between the European Commission, the EIB and national financial institutions within the European development finance system. A. Prontera & R. Quitzow (2025) further elaborated this aspect by demonstrating the intermediate position of development banks between the mobilisation of financial resources and the implementation of EU policy objectives. L. Coppolaro (2024) revealed the historically established combination of the EIB's banking activities with the implementation of European policy objectives. These approaches are consistent with the findings of the present study concerning the combination of the EIB's financial and political-institutional roles. The Ukrainian project demonstrates more specifically that the connection between the EU's strategic objectives and the activities of national participants is mediated through legal financing instruments. This makes it possible to view the multi-level nature of

[1] Budget Code of Ukraine. (2010, July). Retrieved from https://zakon.rada.gov.ua/laws/show/2456-17#Text.
[2] Law of Ukraine No. 2121-III "On Banks and Banking". (2000, December). Retrieved from https://zakon.rada.gov.ua/laws/show/2121-14#Text.
[3] Resolution of the Cabinet of Ministers of Ukraine No. 70 "On the Procedure for the Preparation, Implementation, Monitoring, and Completion of Economic and Social Development Projects of Ukraine Supported by International Financial Organizations". (2016, January). Retrieved from https://zakon.rada.gov.ua/laws/show/70-2016-%D0%BF.
[4] Resolution of the Cabinet of Ministers of Ukraine No. 606 "On the Implementation of the Joint Project with the European Investment Bank, 'Main Loan for the Agricultural Sector – Ukraine'". (2019, July). Retrieved from https://zakon.rada.gov.ua/laws/show/606-2019-%D0%BF#Text.
[5] Resolution of the Cabinet of Ministers of Ukraine No. 196 "Issues Relating to the Implementation of Joint Projects with the European Investment Bank: 'Main Loan Facility for Small and Medium-Sized Enterprises and Mid-Cap Companies' and 'Main Loan Facility for the Agricultural Sector – Ukraine'". (2022, March). Retrieved from https://zakon.rada.gov.ua/laws/show/196-2022-%D0%BF#Text.
[6] Order of the President of Ukraine No. 30/2022-rp "On authorising S. Marchenko to sign Letter of Rejection No. 1 to the Financial Agreement between Ukraine and the European Investment Bank (Project 'Main Loan for Small and Medium-sized Enterprises and Mid-cap Companies') and the Financial Agreement between Ukraine and the European Investment Bank (Project 'Main Loan for the Agricultural Sector – Ukraine')". (2022, March). Retrieved from https://www.president.gov.ua/documents/302022-rp-41593.

the mechanism not merely as institutional interaction, but as a legally structured system for specifying and implementing the terms of international financing at different levels, capable, where changes are agreed by the parties, of adapting particular methods of allocation and using credit resources.

The results of the present study showed that the EIB's environmental and social requirements do not create direct obligations for intermediary banks and final beneficiaries, but acquire legal binding force through their incorporation into agreements at the relevant level. This is consistent with M.P. Vandenbergh & P.A. Moore (2022), who identified the widespread use of environmental requirements in contracts between participants in supply chains and demonstrated that contractual instruments can address certain gaps in public regulation. In the present study, this logic is specified in relation to a multi-level financing mechanism: institutional requirements are progressively incorporated into on-lending agreements and sub-loan agreements, where they are transformed into obligations of the respective participants. The contractual control dimension of lending was examined by R. Lee & M. Zakota (2026), who found environmental covenants in 54% of the private loan agreements studied and linked their use to the borrower's environmental risk, information asymmetry, security, loan maturity and the risk of regulatory intervention. These findings further clarify the role of the intermediary bank identified in the present study: its functions encompass not only the transfer of funds, but also risk assessment, verification of sub-project eligibility, obtaining information and subsequent monitoring. Within the project's legal mechanism, the exercise of these functions depends on the incorporation into the contractual documentation of specific requirements concerning permits, reporting, access to documents, inspections and consequences of breaches. S. Choy *et al*. (2024) found that, where environmental enforcement was more intensive, lenders were more likely to include environmental covenants in agreements with polluting borrowers and in loans secured by real property. Furthermore, under such conditions, environmental covenants were associated with greater reductions in borrowers' toxic emissions. This finding complements the results of the present study concerning the distinction between public and contractual control: within targeted on-lending, checks by the bank and the EIB do not replace Ukraine's permitting, supervisory and law-enforcement procedures, but may complement them through information obligations, audits, requirements to remedy breaches and contractual consequences. Thus, under the original model and in the part of the mechanism that retains the contractual on-lending chain, public and private contractual control are functionally integrated, whereas the change in the budgetary route of part of the credit resources in 2022 requires a separate assessment of the transformation of the corresponding control component.

A specific result related to the legal clarity of environmental and social requirements in the current study is that merely referencing EIB standards does not adequately clarify the extent of the obligations of the EIB or the ultimate recipient, especially when no applicable document version, specific standards, compliance process, and failure to comply are defined within the agreement. The research by S. Kim *et al.* (2025) emphasizes the value of transparency within agreements. The study found that for ESG-linked loans, the level of environmental, social and governance standards displayed by borrowers varied based on the level of transparency of the agreed upon terms. Borrowers with transparent terms were able to sustain their E, S and G standards while agreements with low levels of transparency showed a deterioration of these standards after the agreement was completed. For the purposes of the present study, this emphasises that the mere ESG classification of financing or a general reference to the Bank's policies is no substitute for a specific definition of contractual obligations and the means of monitoring their fulfilment. G. de Novellis *et al*. (2026) also demonstrated that different types of sustainable lending have varying environmental impacts. Green loans were associated with relatively faster changes in environmental indicators, whilst the effects of loans linked to sustainability indicators were more gradual and depended on the transparency of the targets set. These findings clarify the legal significance of contractual specification in the present study: in order to organise monitoring, it is necessary to define not only the general environmental focus of the financing, but also the content of the requirements, performance indicators, sources of information and the consequences of non-compliance. At the same time, a regulatory and contractual analysis of a project does not provide grounds for drawing conclusions about its actual environmental impact. The study by K. Qian *et al*. (2023) found that better overall ESG indicators for companies were associated with higher loan volumes, a lower probability of collateral being required, and lower borrowing costs. However, this relationship was determined primarily by social and governance components, whilst the impact of the environmental component was not statistically significant. In the present study, this aspect is explored through the independent role of the intermediary bank within the contractual framework of on-lending, specifically in relation to creditworthiness assessment and credit risk management. The environmental and social characteristics of a sub-project may be taken into account during such an assessment within the framework of the relevant sub-loan, but the results of this study do not suggest that they directly determine the amount, interest rate, term or collateral of the sub-loan. The legal significance of the relevant characteristics for specific lending conditions can only be established on the basis of sub-loan agreements and other documents relating to the transactions actually financed.

Based on the results of this study, it can be seen that the proposed long term financing relationships do link sub-loan terms to specific aspects of modernisation within the agricultural enterprise under the existing sub-loan system and under the existing implementation plan for the project. The significance of the loan term was elaborated upon by İ. Yarba & B. Deniz (2024), who identified a positive correlation between a longer bank loan term and corporate investment. The results of this study complement this conclusion in that the sub-loan term is regarded as one of the elements of the contractual framework for financing the investments envisaged by the project. J.P. Curto & P.D. Gaspar (2021), having analysed traceability systems in food supply chains, highlighted their importance for product safety and quality, as well as the complexity of their implementation by small and medium-sized enterprises. In the present study, this aspect is addressed through the possibility envisaged by the original project model of directing credit resources towards product quality, safety and traceability systems. This makes it possible to identify a legal link between financing conditions and areas of modernisation: within on-lending and sub-loan arrangements, the relevant parameters and requirements acquire legal significance through their incorporation into on-lending agreements and sub-loan agreements.

S. de Simone *et al*. (2025), in analysing the development of the EIB's environmental and social rules, demonstrated the Bank's increasing focus on the substance of impact assessment, stakeholder participation, the timeliness of procedures and confidence in their outcomes. At the same time, the authors noted that ensuring a just transition requires a broader allocation of responsibility for impact assessment between applicants and the financial institution, as well as the joint development of the relevant procedures. In the present study, the evolution of EIB rules is given further legal clarification: the adoption of new or updated environmental and social standards does not, in itself, alter the terms of the 2015 Finance Contract or create new obligations for intermediary banks and final beneficiaries. The legal significance of such rules depends on their incorporation into the financial and contractual documentation.

The results of the study showed that a specific manifestation of the shift in the balance between contractual and public-law control was the budgetary and legal transformation of the project mechanism in 2022. The original model provided for the targeted channelling of credit resources through intermediary banks to eligible agricultural enterprises, which ensured a direct link between the loan funds, specific sub-projects, the conditions for their eligibility and contractual control over the use of the funding. Following the allocation of part of the credit resources to the general fund of the State Budget, this link became less direct for the relevant portion of the loan: control shifted from the traceability of funds at the level of individual sub-loans and sub-projects towards budgetary accounting and control over the use of resources from the general fund. In the context of C. Tan (2022) approach to accountability in development finance, this highlights the importance of a clear demarcation of responsibilities and control procedures when the mechanism for the flow of financial resources changes. In terms of the earmarked nature of the funding, this transformation meant a weakening of the direct link between part of the loan and specific agricultural beneficiaries, but not the abandonment of the project's objectives themselves. From the perspective of financial security, this can be interpreted as a compromise between short-term budgetary flexibility under martial law and the preservation of the state's long-term credit obligations. The allocation of funds to the general fund made it possible to use the relevant portion of the external credit resources to finance priority budgetary needs, while not removing Ukraine's obligation to ensure the continued achievement of the project objectives and fulfilment of its obligations to the EIB. Thus, the wartime budgetary decision did not nullify the project's international treaty framework, but rather altered the manner of its implementation, emphasising the importance of budgetary transparency, public financial control and the continued provision of resources to achieve the objectives agreed with the EIB.

This study has proven that in the specific sub-loans for financing envisaged by the project, credit can be allocated to equipment, processes, laboratories and controls required to meet technical, certification, phytosanitary, sanitary and other requirements. At the same time, the legal possibility of financing such measures does not automatically result in improved product quality or enhanced trade performance. D.-D. Fiankor *et al*. (2021) further specified the qualitative dimension of the findings of the present study: differences in maximum residue levels affected trade and prices, but did not result in a statistically significant increase in the assessed quality of products. The results of S. Nenci & D. Vurchio (2026) further specify the trade dimension of the present study, as the effects of technical, sanitary and phytosanitary measures may extend to different participants in the agricultural value chain. The present study provides grounds for regarding the financing of adaptation costs as one of the prerequisites for compliance with the relevant requirements, but not as a guarantee of improved product quality or expanded market access. The legal mechanism for such financing within the sub-loan component is specified through the identification of eligible expenditure, verification of the sub-project's compliance with the designated purpose of the loan, and the establishment of obligations concerning the use of funds and verification of expenditure in the sub-loan agreement.

D. Frayman (2026) found that direct lending to enterprises by the EIB under the European Fund for

Strategic Investments contributed to growth in their fixed assets. D.A. Houensou *et al.* (2021) found that access to credit increased the productivity of family farms in Benin. In the present study, this conclusion is elaborated upon through the mechanism envisaged by the project's initial model for providing credit resources to the final beneficiary via an intermediary bank, subject to the beneficiary's creditworthiness, the acceptability of the sub-project, and the stipulation of the intended use of funds in the sub-loan agreement. Thus, the contractual framework of the EIB's multi-level financing mechanism ensures that the relevant requirements are established for intermediary banks and final beneficiaries. It creates the conditions for the modernisation of agricultural enterprises, but does not confirm its actual results.

Conclusions

The results of the study have shown that the legal mechanism for financing in Ukraine is based on the interaction of international treaty, national, institutional and contractual instruments. EU law establishes the general principles governing the activities of the European Investment Bank, but does not create direct obligations for Ukrainian banks and enterprises; such obligations arise on the basis of national legislation and contracts. International agreements define the Bank's legal status and the main terms of lending, whilst their domestic implementation is ensured through budgetary, administrative, banking and contractual procedures. Intermediary banks carry out creditworthiness assessments, verify the eligibility of sub-projects, monitor the use of funds and prepare reports, whilst the legal status of the final beneficiary is determined primarily by the sub-loan agreement. The European Investment Bank's environmental, social, climate and anti-corruption requirements become binding on national participants only after they have been duly incorporated into the financial and contractual documentation; their applicability depends on the wording of the document and the manner in which it is incorporated into a specific transaction. Side letters and operational documents may specify the terms of financing, but do not have independent normative effect on beneficiaries.

Control is multi-level in nature and is distributed among the European Investment Bank, the competent Ukrainian authorities and participating banks. In 2022, the allocation of EUR 382 million to the general fund of the State Budget changed the original route of part of the credit resources and the mechanism for their control, but did not terminate Ukraine's credit obligations or the need to achieve the agreed financing objectives. The synthesis of the findings made it possible to develop a conceptual model reflecting the successive transformation of international financing conditions into the contractual obligations of participants, the flow of funds and reporting, multi-level monitoring and the legal consequences of breaches. A multi-level mechanism for international credit financing permits a change to the original route of credit resources, provided that such change is agreed with the lender and properly incorporated into the national legal system. In 2022, the allocation of EUR 382 million to the general fund of the State Budget temporarily replaced the usual on-lending mechanism, which led to the extension of control over the budgetary accounting and use of the relevant funds. This transformation did not terminate Ukraine's credit obligation to the European Investment Bank and did not remove the requirement to achieve the agreed financing objectives. Therefore, the legal resilience of international lending mechanisms depends not on preserving the original model for the movement of funds unchanged, but on maintaining contractual consistency, the designated purpose of financing and proper control over its use. The limitations of the study arise from its theoretical and legal nature and the lack of full contractual and monitoring documentation relating to the project in the public domain. Further research should focus on developing the proposed conceptual model towards the establishment of a universal legal mechanism for implementing projects of international financial institutions in Ukraine.

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Conflict of Interest

None.

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Правовий механізм залучення та використання кредитних ресурсів Європейського інвестиційного банку в аграрному секторі України: на прикладі проєкту «Основний кредит для аграрної галузі – Україна»

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Анотація
Мета дослідження полягала у визначенні структури та особливостей правового механізму залучення, розподілу, використання і контролю кредитних ресурсів ЄІБ в аграрному секторі України. Застосовані методи системно-структурний, формально-юридичний, формально-логічний, проблемно-правовий методи, методи класифікації, систематизації, документального аналізу офіційних фінансових і контрольних матеріалів, нормативної реконструкції, правового узагальнення та концептуального моделювання. Встановлено, що правове забезпечення залучення та використання кредитних ресурсів Європейського інвестиційного банку в Україні має багаторівневу структуру та поєднує право ЄС, міжнародно-договірні зобов'язання, національне законодавство, інституційні документи Банку й договірні засоби. Багаторівневість такого механізму забезпечує послідовну конкретизацію умов міжнародного фінансування та їх трансформацію у права й обов'язки національних учасників. Вимоги Європейського інвестиційного банку набувають обов'язкового значення для фінансових посередників і кінцевих бенефіціарів не автоматично, а внаслідок їх належного включення до фінансової та договірної документації; юридичні наслідки порушень при цьому залежать від рівня правовідносин і відповідної правової підстави. Продемонстровано, що зміна первісного маршруту використання кредитних ресурсів за надзвичайних обставин можлива за умови погодженої зміни міжнародних фінансових зобов'язань та її належного оформлення у національному правовому механізмі. Контроль за використанням коштів має багаторівневий характер і поєднує договірний моніторинг, національні процедури контролю та інституційні вимоги Європейського інвестиційного банку. Досліджений правовий механізм має характер каскадної договірної імплементації умов міжнародного фінансування, за якої відповідні вимоги послідовно конкретизуються на різних рівнях правовідносин, а контроль і юридичні наслідки порушень диференціюються залежно від їх правової природи та підстав застосування. Практичне значення результатів полягає у можливості їх використання органами влади для вдосконалення субфінансування й моніторингу, банками-учасниками – для перевірки субпроєктів і підготовки договорів, кінцевими бенефіціарами – для визначення своїх обов'язків і наслідків їх порушення

Ключові слова:
каскадна імплементація; угоди субфінансування; субкредитні договори; додаткові листи; часова застосовність; багаторівневий моніторинг; договірна обов'язковість