



THE EUROPEAN COMMISSION

AND

**THE REPUBLIC OF
LITHUANIA**

**CONTRIBUTION AGREEMENT PURSUANT TO
ARTICLE 7 OF EUROPEAN PARLIAMENT AND
COUNCIL REGULATION (EU) 2022/2463**

CONTENTS

Clause	Page
1. CONTRIBUTION	6
2. INFORMATION UNDERTAKINGS	7
3. INTERPRETATION IN CONFORMITY AND PARTIAL INVALIDITY	7
4. EXPIRY DATE	8
5. NOTICES	8
6. INTERPRETATION	9
7. LAW AND JURISDICTION	9
8. REVIEW AND EXTENSION	9
9. AMENDMENTS	10
10. ENTRY INTO FORCE	10

THIS CONTRIBUTION AGREEMENT is between

- (1) The Republic of Lithuania, (“**Contributor**”); and
- (2) The European Commission (“**the Commission**”)

Respectively a Party to this agreement.

WHEREAS

- (A) Regulation (EU) 2022/2463 of the European Parliament and of the Council of 14 December 2022 establishing an instrument (the “**Instrument**”) for providing support to Ukraine for 2023 (macro-financial assistance +)(“**Regulation (EU) 2022/2463**”) authorises the Commission to make available a Union support to Ukraine in the form of loans with a maximum amount of up to EUR 18 000 000 000, non-repayable support and an interest rate subsidy.
- (B) The Commission and Ukraine signed a Memorandum of Understanding (“**MoU**”) detailing the conditions for the support on 16 January 2023.
- (C) The detailed financial terms of the support under the Instrument in the form of loans provided under Regulation (EU) 2022/2463 are laid down in the loan agreement concluded between the Commission and Ukraine on 16 January 2023 (“**Loan Agreement**”).
- (D) Regulation (EU) 2022/2463 provides that Ukraine may request each year an interest rate subsidy and coverage of the administrative costs by the Union in respect of the support under the Instrument. The Loan Agreement specifies that, upon request by Ukraine, the European Union may grant such a subsidy (the “**Borrowing Costs Subsidy**”) covering cost of funding, cost of liquidity management, and cost of service as defined in Commission Implementing Decision (EU, Euratom) 2022/2545 of 19 December 2022 on establishing the framework for allocating costs related to borrowing and debt management operations under the diversified funding strategy¹, as amended or replaced as the case may be (the “**Cost Allocation Methodology**”).
- (E) Additional support under Regulation (EU) 2022/2463 is to be available for covering the Borrowing Costs Subsidy for the period from 1 January 2023 to 31 December 2027, with the exception of costs related to early repayment of the loan, in respect of the loans under the Regulation (EU) 2022/2463 (the “**Covered Support**”).
- (F) As provided in the Commission declaration of 9 December 2022 on the contributions by Member States to the interest rate subsidy for the MFA+ loans to Ukraine (the “**Declaration**”), the contributions shall only cover the interest rate subsidy, namely the cost of funding and cost of liquidity management, and not the administrative costs related to the borrowing and lending operations, namely the cost of service.
- (G) Regulation (EU) 2022/2463 provides that the Member States of the European Union (together called the “**Contributors**”) may contribute to the Covered Support, insofar as that is not covered by other resources. To that effect, they have issued on 16

¹ OJ L 328, 22.12.2022, p. 123.

December 2022 a statement on financial support to Ukraine² whereby they expressed their readiness to enter into contribution agreements with the Commission in accordance with and subject to the completion of the applicable national procedures when the amounts needed cannot be fully or partially made available from the Union budget.

- (H) The Commission committed in its Declaration that it will examine, in the context of the annual budgetary procedure, the availabilities under the Union budget within the limits of available resources while ensuring the need to maintain sufficient margins and flexibilities to cope with unexpected events in the course of the financial year. This examination shall be conducted with the intention to propose a minimum amount and the results will be reflected in the Commission's draft annual budget for each year in which the contribution agreements remain in place. The amounts to be called from Contributors for each given year under each Contribution Agreement will be known *inter alia* upon conclusion of the annual budgetary procedure by the budgetary authority. The Commission will, once amounts to be paid from the Union budget and any remaining amounts to be provided by Member States are known, communicate the amounts to be called under each Contribution Agreement to each Contributor.
- (I) Through their Contribution Agreement, the Contributors should irrevocably and unconditionally undertake to make the contributions available to the Commission on-demand by concluding a contribution agreement with the Commission within the meaning of Article 22(2) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU), No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/201³ ("**Financial Regulation**"). These qualities of the Contribution Agreement are needed to ensure that the Union is able to fulfil its undertakings to Ukraine to cover the Borrowing Costs Subsidy in full, and to establish confidence that all Contributors are bound by the same clear and unequivocal commitment. Article 7(1), second subparagraph of Regulation (EU) 2022/2463 provides that the contributions by Member States are to become available in respect of any amount set in an agreement with the respective Member State after that agreement enters into force.
- (J) Each Contributor remains fully and individually liable for the commitments that it has made under a Contribution Agreement. In particular, the Contributor will not be called upon to compensate for any other Member State's failure to make its contribution.
- (K) These contributions are to constitute external assigned revenue in accordance with Article 21(2), point (a)(ii) of the Financial Regulation.
- (L) The Commission's funding strategy, set out in Article 220a of the Financial Regulation ("**Diversified Funding Strategy**") applies, in accordance with Article

² Statement of the representatives of the Member States, meeting in the margins of the Permanent Representatives Committee, on financial support to Ukraine, 16170/22.

³ OJ L 193, 30.7.2018, p. 1.

16(1) of Regulation (EU) 2022/2463, to the funding of loan support, provided under that Regulation. The Commission will provide the Contributors with adequate information, based on a written request, to support them to fulfil any national legal obligations.

- (M) According to Article 7(1) of Regulation (EU) 2022/2463, the GNI key for the contributions by each Contributor in a given year will be based on the GNI contributions of each Contributor to the EU budget for the year before, as per the last adopted annual or amending annual budget. In order to facilitate the preparation of national annual and multiannual budgets for the period covered by this Contribution Agreement, a schedule is attached, indicating the maximum amounts that may be contributed by each Member State. These amounts are based on conservative assumptions regarding interest rates on funds raised.
- (N) The Commission will communicate by June 2023 to the European Parliament and to the Council the estimated maximum amounts that could be called from Member States in 2024 on the basis of known costs established in respect of already disbursed amounts and conservative assumptions regarding potential costs on remaining amounts under the Loan Agreement.
- (O) The Commission will communicate in early 2024 without delay the final figures of the expected maximum contributions to the European Parliament and to the Council, namely once the interest rates on the loans are fully fixed and no longer subject to further change or uncertainty. If the interest rate movements are more unfavourable than those used to determine the maximum amounts, thereby causing the maximum amounts under this Contribution Agreement to fall short of what may be needed to cover the funding cost of the loans, the Commission will inform without delay the Council and European Parliament. The Commission may on this basis initiate a review of all the Contribution Agreements in order to ensure coverage of the revised maximum amount, with each Member State's amount continuing to be established on the basis of its pro rata share of GNI. Upon conclusion of such review, the organisation and timing for completion of any modifications of Contribution Agreements will be subject to the relevant national requirements and procedures.
- (P) For the remaining years covered by this Contribution Agreement, the Commission will communicate the amounts to be called from Contributors inter alia upon conclusion of the annual budgetary procedure by the budgetary authority for the following year. While the funding cost of the loans to Ukraine will be constant for all remaining years, the amounts to be called from Contributors can only be communicated once the share of costs to be covered by the Union budget and by the Contributors is known.
- (Q) The agreement will expire on 31 December 2027 unless otherwise decided by the Parties to this Contribution Agreement. It should be possible to review the contributions for the case that there be further developments or to renew the contributions from Member States beyond 2027, unless covered through other means in future multiannual financial frameworks.

1. CONTRIBUTION

1.1 Contribution

The Contributor hereby unconditionally and irrevocably makes available to the Union up to 100 per cent of its contribution to the Covered Support, which will cover the cost of funding and cost of liquidity management and exclude the cost of service (the “**Contribution**”), and accordingly undertakes to pay to the Union upon a written demand issued as of 2024 up until the expiry date of this agreement (the “**Demand**”) the amount requested by the Commission, which shall be up to 100 per cent of its Contribution, in accordance with this Contribution Agreement (the “**Demanded Amount**”).

1.2 This Contribution Agreement is related to the Loan Agreement that is concluded under Article 16(2) of Regulation (EU) 2022/2463 in accordance with Article 220 of the Financial Regulation and to the costs allocated to disbursements under the Loan Agreement in accordance with the Cost Allocation Methodology.

1.3 The Contribution shall not exceed the value set out in column "Amount (EUR)" next to the Contributor's name in the Schedule attached to this Contribution Agreement.

1.4 Pursuant to Article 7(1) of Regulation (EU) 2022/2463, the contribution key in a given year shall be based on the GNI contributions of the Contributor to the Union budget for the year before, as per the last adopted annual or amending budget (“**Contribution Key**”).

1.5 The obligations of the Contributor under this Contribution Agreement and of other Contributors under their respective Contribution Agreements are several only.

1.6 The Commission shall determine the Demanded Amount as the share of the Contributor in accordance with the Contribution Key of the invoice under the Loan Agreement established in accordance with the Cost Allocation Methodology, insofar as the invoice is not paid from other resources.

1.7 The Contributor shall transfer the Demanded Amount in accordance with the terms of the Demand in cleared funds to the account referred to in the Demand. The transfer shall occur by the day indicated by the Commission in the Demand (“**Transfer Date**”). The Transfer Date shall not be earlier than 45 Business Days from the date of the Demand. The Contributor, which fails to honour the Demand, shall remain liable to honour it.

1.8 The Contributor is not entitled to offset or deduct any amounts owed to it by the Union from any payments due by the Contributor under this Contribution Agreement.

1.9 If the Contributor fails to pay any sum payable under the Demand on its Transfer Date, the Contributor shall pay in addition default interest on such a sum (or, as the case may be, the amount thereof for the time being due and unpaid) to the Commission from the Transfer Date to the date of actual payment in full, calculated by reference to successive interest periods (each of such length as the Commission may from time to time select, the first period beginning on the relevant Transfer Date and, wherever

possible, the length of such period shall be that of one week) on such overdue sum at the higher of

- (a) a rate per annum being the aggregate of
 - (i) 350 basis points, and
 - (ii) the rate applied by the European Central Bank to its principal refinancing operations, or
- (b) 0 basis points.

So long as the failure to pay continues, such rate shall be re-fixed in accordance with the provisions of this paragraph of this Clause 1.9 on the last day of each such interest period and unpaid interest under this Clause 1.9 concerning previous interest periods shall be added to the amount of interest due at the end of each such interest period. The default interest is immediately due and payable.

- 1.10 The Contributor undertakes to pay to the Commission all additional interest and all costs and expenses, including legal fees, incurred and payable by the Commission as a result of a breach of any obligation under this Contribution Agreement by the Contributor.

2. INFORMATION UNDERTAKINGS

- 2.1 The Commission shall inform the General Secretariat of the Council of the European Union of the signature of the Contribution Agreement.
- 2.2 The Commission shall inform Contributors on the outstanding claims under the Loan Agreements, including the planned interest and principal payments on an annual basis.
- 2.3 By the latest of 31 January 2024 the Commission shall notify the Contributor the total amounts to be paid in 2024.
- 2.4 In the remaining years covered by the Contribution Agreement, the Commission shall notify the Contributor of the total amounts to be collected in any given year within 20 business days of the declaration of the annual budget being definitively adopted in accordance with Article 314(9) TFEU.
- 2.5 The Commission shall inform Contributors about the receipt of a request for the Borrowing Costs Subsidy from Ukraine.

3. INTERPRETATION IN CONFORMITY AND PARTIAL INVALIDITY

All provisions hereof shall be interpreted, in case of doubt, so that they are in conformity with the governing law. If at any time any provision hereof is or becomes illegal, invalid or unenforceable under the governing law, the legality, validity or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

4. **EXPIRY DATE**

This Contribution Agreement expires on 31 December 2027.

5. **NOTICES**

5.1 Address for notices

All notices, demands and other communications to the Contributor hereunder shall be made in writing (by letter, fax, or e-mail) and shall be sent to the Contributor at:

Ministry of Finance of the Republic of Lithuania

Lukiškių g. 2

LT-01512 Vilnius

Lithuania

Fax: +370 5 279 1481

E-mail: eu-budget@finmin.lt

Attention: EU Budget Division of the EU and International Affairs Department

With a copy to: European Commission

Fax: BUDG-Fax-E2@ec.europa.eu

E-mail: budg-e-back-office@ec.europa.eu

Attention: BUDG E Back Office

or, in relation to the Contributor, to such other address or fax number or for the attention of such other person or department as the Contributor has notified to the Commission in the manner prescribed for the giving of notices.

5.2 Effectiveness

Every notice, demand or other communication sent in accordance with Clause 5.1 (*Address for notices*) shall be effective upon actual receipt by the Contributor; *provided that* any such notice, demand or other communication which would otherwise take effect after 4.00 p.m. Luxembourg time on any particular day or on a day which is not a Business Day shall not take effect until 10.00 a.m. Luxembourg time on the immediately succeeding Business Day.

6. **INTERPRETATION**

6.1 Definitions

In this Contribution Agreement with annexes:

"**Business Day**" shall mean a day on which the TARGET2 payment system is open for business.

6.2 Other agreements

All references in this Contribution Agreement to an agreement, instrument or other document shall be construed as a reference to that agreement, instrument or other document as the same may be amended, supplemented, restated, extended, replaced or novated from time to time.

7. **LAW AND JURISDICTION**

7.1 Governing law

This Contribution Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and shall be construed in accordance with European Union law, supplemented if necessary by the Luxembourgish law.

7.2 Exclusive Jurisdiction

The Court of Justice of the European Union, in accordance with Article 272 of the Treaty on the Functioning of the European Union, shall have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising out of or in connection with this Contribution Agreement (including a dispute relating to the existence, validity or termination of this Contribution Agreement or any non-contractual obligation arising out of or in connection with this Contribution Agreement) or the consequences of its nullity.

8. **REVIEW AND EXTENSION**

This Contribution Agreement shall be subject to review after 31 December 2023, as a last resort and unless financed from the Union's budget, in case the final costs of the interest rate subsidy under Regulation (EU) 2022/2463 exceed the amounts foreseen by all Contribution Agreements. In particular, once the cost of funding from the loans under the Loan Agreement is definitively established, the Commission shall communicate to Contributors the eventual size of the increased contributions needed to cover excess costs over and above those indicated in the annexed Schedule .

This Contribution Agreement shall be subject to review for an extension to provide contributions to the additional support under Regulation (EU) 2022/2463 for covering the interest rate subsidy beyond 31 December 2027, unless that support is covered through other means in future multiannual financial frameworks.

9. **AMENDMENTS**

Any modification to this Contribution Agreement, including the annexed schedule, shall be set out in writing in an amendment signed by the Commission and the Contributor.

10. **ENTRY INTO FORCE**

This Contribution Agreement shall enter into force upon the date of signature by the last Party and, if applicable, subject to the notification by the Contributor that it has met all the requirements under its constitutional or other laws for the valid assumption of all its obligations under the agreement. All Clauses and terms stipulated herein have been duly noted and approved by the Republic of Lithuania and the Commission.

Done in two originals in the English language, one for the Contributor and for the Commission.

by the **Republic of Lithuania**

Represented by:

Gintarė Skaistė

Minister of Finance

of the Republic of

Lithuania

by the **European Commission**

Represented by:

SCHEDULE
MAXIMUM CONTRIBUTIONS PER MEMBER STATE
FOR THE PERIOD 2024-2027

Member State	GNI key	Guaranteed contribution (EUR)
Belgium	0.034545093545251	96,726,262
Bulgaria	0.004882374366316	13,670,648
Czech Republic	0.017064891897066	47,781,697
Denmark	0.023155641433738	64,835,796
Germany	0.253394975610951	709,505,932
Estonia	0.002103795558836	5,890,628
Ireland	0.022723275588721	63,625,172
Greece	0.012847103934769	35,971,891
Spain	0.084842324203730	237,558,508
France	0.171294798888959	479,625,437
Croatia	0.003901507855638	10,924,222
Italy	0.122025596681370	341,671,671
Cyprus	0.001547257669073	4,332,321
Latvia	0.002311162075974	6,471,254
Lithuania	0.003776710011764	10,574,788
Luxembourg	0.003706405774364	10,377,936
Hungary	0.010248890252613	28,696,893
Malta	0.000954699517702	2,673,159
Netherlands	0.059194038946719	165,743,309
Austria	0.027911438723363	78,152,028
Poland	0.041157735014047	115,241,658
Portugal	0.014632349331283	40,970,578
Romania	0.017606907565873	49,299,341
Slovenia	0.003633267035028	10,173,148
Slovak Republic	0.007079861871162	19,823,613
Finland	0.017188603795393	48,128,091
Sweden	0.036269292850298	101,554,020
EU-27		2,800,000,000