

Rebuilding Ukraine

Investment and economic momentum



Rebuilding Ukraine: Investment and economic momentum

September 2024

Europe and the world are investing massively in a post-war Ukraine as a full economic partner. Nowhere was this more evident than at the Ukraine Recovery Conference in Berlin in June. This platform for governments, the private sector, and civil society to align their efforts offers investors numerous opportunities to contribute to and benefit from the country's growth.

The Berlin conference was the third annual URC and the largest. It has grown each year, demonstrating Ukraine's strategic importance to global investors. With over €16bn in agreements signed, the conference showcased sectors ripe for investment, such as energy, infrastructure, and defence.

Ukraine released the Ukraine Investment Guide and announced the transition of the Ukrainian Business Development Fund to a fully independent development finance institution. Ukraine and Germany together with 31 international partners launched the SME Resilience Alliance to improve access to finance for small and medium-sized businesses in Ukraine. Commitments to the alliance include over €4.5bn for new SME programmes.

The Recovery Forum at URC 2024 included a Business Fair that provided a busy networking venue for Ukrainian and international stakeholders to find partners.

Investment and Funding Progress

Ukrainian government programmes, such as the Ukraine Development Fund and the Decarbonization Fund, and many programmes from international financial institutions, facilitate investment in Ukraine.

Risk insurance and investment guarantees

A key piece of the investment landscape is risk insurance. The Multilateral Investment Guarantee Agency (MIGA), DFC, EBRD, UK, Germany, France and Japan offer war risk insurance for investments in Ukraine, and 14 export credit agencies are guaranteeing investments in Ukraine. In June, the European Investment Fund announced a new €300m facility to expand export guarantees for Ukraine.

International financing

The following IFIs offer loan and investment programmes that have unlocked more than €500m in private equity:

The European Bank for Reconstruction and Development (EBRD)

U.S. International Development Finance Corporation (DFC)

European Investment Bank (EIB)

International Finance Corporation (IFC)

WorldBank

In addition, initiatives in many countries encourage their domestic companies to participate in Ukraine's reconstruction.

- US
- UK
- Germany
- France
- Korea
- Japan
- Turkey
- Greece

- Poland
- Sweden
- Norway
- Finland
- Netherlands
- Estonia
- Luxembourg

Private equity firms from the UK, Europe, US and Canada, as well as within Ukraine, have provided more than \$500m in capital financing to Ukrainian startups and entrepreneurs. BlackRock and JPMorgan are backing a \$15bn investor fund to rebuild Ukraine.

Government of Ukraine programmes

Ukraine has implemented regulatory and legislative changes, including tax relief, subsidies and other incentives, to attract and support investment. State support is available for qualifying foreign investments. Foreign investors can directly access debt instruments from the National Bank of Ukraine (NBU). The rules for public-private partnerships (PPPs) with both federal and regional governments offer improved guarantees for private partners.

Tax and interest relief and infrastructure subsidies are available for new industrial parks. The Diia City virtual economic free zone reduces tax and regulatory burdens for participating tech companies. A privatisation programme of state-owned assets is ongoing.

Key Ukrainian agencies and programmes include:

- Ukraine Business Development Fund
- State Agency for Reconstruction and Development of Infrastructure
- Programme of State Support for Investment Projects in Ukraine
- Decarbonization Fund and the Ukrainian National Decarbonization Platform

The State Agency for the Reconstruction and Development of Infrastructure manages government-approved recovery projects that local communities submit through the Digital Restoration Ecosystem for Accountable Management (DREAM), which provides a single, accountable, transparent platform for all reconstruction projects in Ukraine.

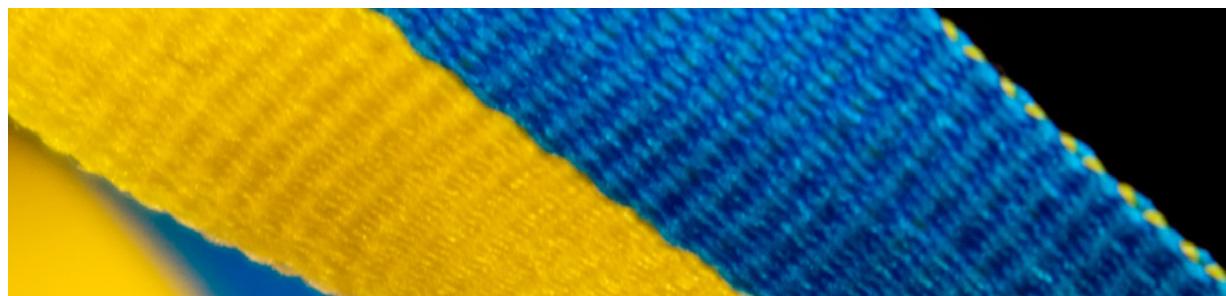
Large state-owned companies operating in certain infrastructure sectors also act as contractors for reconstruction projects via public procurement. Key state-owned companies and agencies include:

- Ukrainian State Railways, the national railway carrier
- Ukrainian Sea Ports Agency, the authority managing Ukraine's port infrastructure,
- Naftogaz, the gas supply provider
- Ukrrenergo, electricity transmission system operator of Ukraine
- Energoatom, the largest producer of electricity in Ukraine
- Ukrhydroenergo, the largest hydro-generating company in Ukraine
- Gas Transmission System Operator of Ukraine

A new European partner

Ukraine is reforming its laws and regulations to attract investment, liberalise its business environment and improve governance, accountability and judicial impartiality—in all cases adopting and implementing European standards. Ukraine's progress towards EU integration creates a stable and attractive destination for long-term, impactful investments.

- The EU–Ukraine Association Agreement, the cornerstone of economic ties between Europe and Ukraine, has been in force since 2017.
- Ukraine is a member of the EU Single Market Program and participates in other pan-European programmes that offer business opportunities: Horizon Europe, Creative Europe, and Digital Europe among others.
- Customs and import–export harmonisation is largely complete, with duties on European goods eliminated under the association agreement.
- Ukraine's capital markets now integrate European law and follow the principles of the International Organization of Securities Commissions (IOSCO), guaranteeing the financial and governance independence of the National Securities and the Stock Market Commission (NSSMC).
- Ukraine's energy sector is integrated with Europe. Ukraine's electricity grid and natural gas network are accredited by the European Network of Transmission System Operators (ENTSO) and are governed by the REMIT Law, Europe's rules for preventing abuse in energy markets.
- European providers stored 3.2bn cubic meters of natural gas in Ukraine's storage system last year, and the EU has approved a hydrogen corridor from Ukraine.
- Ukraine opened its electricity auctions to EU providers and began exporting electricity to Europe this year. ENTSO-E has increased the capacity of interstate interconnectors from Ukraine.



Get involved now

Our aim is to help companies participate meaningfully in the opportunities being created for Ukraine's reconstruction and recovery. We offer specific services that can help your company.

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Key Sectors and Opportunities

Sustainable construction is a pillar of Ukraine's National Recovery Plan, and Ukraine's infrastructure will leapfrog to renewables and smart systems. The government has identified defence, energy, agriculture, mineral resources, and IT as key sectors for Ukraine's role in the EU.

Transportation and Logistics Infrastructure

The government of Ukraine has earmarked public-private partnership concessions worth \$10bn for highways and toll systems, railways, bridges and ports. Financial incentives, including tax and customs benefits and loan-interest relief, are available to industrial park developments. The warehouse market has lost 25% capacity due to the war, and tenants are snapping up space considered illiquid before the invasion.

Energy Infrastructure

Investible projects worth \$7bn have been identified for the repair and modernisation of the transmission system, new power production capacity, including pipelines and communications and power lines. Ukraine now exports electricity to the EU, opening the European market to Ukrainian energy.

Green Transition

Ukraine is expanding renewable generation and stimulating battery and storage for grid support. It has introduced guarantees of origin for renewables sources, enabling the export of green electricity to the EU. Ukraine's national transmission system operator has issued technical specifications for 1,129 MW of energy storage requiring \$800m in investment. Ukraine's potential biomethane production is estimated at 21.8 bn cubic meters worth \$40bn annually, more than Ukraine's total natural gas production in 2023.

Defence and Military

Ukraine tripled its military production in 2023 and aims to increase the capacity of its defence sector by six times in 2024, spending \$7bn on the purchase, production and repair of weapons, with a specific focus on drone systems. An agreement with the US Ministry of Defence on joint production, interoperability with NATO systems and expedited approvals for investment will build production capacity further.

Agricultural

In 2023, Ukraine grew 6% of the world's grain. 205,000 hectares of farmland have been surveyed, demined and returned to use, with another 265,000 hectares identified for reclamation. UkraineInvest estimates that processing 50% of current grain exports is worth \$30bn in export value, and in 2024 Ukrainian enterprises will increase domestic processing of oil seeds by 3.5m tons.

Healthcare System

Public-private partnerships worth \$10bn for clinics, hospitals and hospital clusters will be tendered, as part of an expansion of Ukraine's health-tech sector.

Privatisation

Almost 1,000 state-owned enterprises and assets will be transferred to private ownership in Ukraine next year, and state-owned companies have announced 450 upcoming auctions for asset sales and leases. Assets to be privatised include production facilities, office buildings, natural gas facilities, mines, ports, and more.

An historic opportunity

Ukraine is rebuilding, reforming and reinvesting as it prepares for the historic opportunity that its economic recovery represents. Financing is available, insurance mechanisms are in place, and the door to Europe is open.

Ukraine's economic recovery is real. Ukraine's GDP will outperform the global economy in 2024, inflation has dropped below the NBU's targets, and interest rates are falling. Ukraine's banks are solid, profitable, and providing mortgages and business financing. Construction and real estate markets are improving. Ukraine's important agriculture sector is growing, expanding exports, and Ukrainian consumers are spending.

Where does your business fit in? Contact CMS Law for expert guidance and on-the-ground experience in Ukraine.



CMS Can Help

We are helping companies inside and outside Ukraine, both multinational and Ukrainian, to operate and succeed in Ukraine in all sectors. With lawyers qualified in Ukrainian and UK law operating in Kyiv since 2007, CMS can advise on:



business relocation



cloud-based operations



documenting and enforcing war damage claims



war risk and investment insurance



risk assessment and contingency planning



impact of martial law and legal reforms



financing, investing, and rebuilding and recovery opportunities.



Get prepared to do business

CMS's 2024 Guide to Investing and Doing Business in Ukraine gives a clear picture of the business and investment environment, with updates on the impact of the war on key sectors.

[**Investing and Doing Business in Ukraine 2024**](#)

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