



Ukraine reconstruction project

The newsletter on the main recent developments

Contents

- 03 Latest events with Mazars participation
- 04 Ukraine reconstruction: key figures
- 05 Key developments for the Reconstruction of Ukraine
- 07 International benchmark
- 11 Focus on the private sector in Ukraine

Dear Readers,

We are happy to present the November edition of our newsletter, offering insights into Ukraine's economic landscape and recent developments shaping the country's recovery. In this edition, we highlight key changes, including the European Commission's recommendation to initiate negotiations for Ukraine's accession to the EU and the introduction of a bill on investment insurance by the Ukrainian Export Credit Agency (ECA).

From an international cooperation perspective, we delve into the latest financial commitments from the U.S. International Development Finance Corporation (DFC), the European Bank for Reconstruction and Development (EBRD), and the Council of Europe Development Bank (CEB). Additionally, we cover significant business events, such as the 6th German-Ukrainian Business Forum in Berlin and the visit of French companies to Ukraine. Private sector investments in Ukraine and crucial updates on the energy sector support as winter approaches are also featured.

Our coverage extends to the Rebuild Ukraine international exhibition in Warsaw on November 14-15, where Mazars actively participated.

Enjoy your reading and don't hesitate if you have any questions!

Latest events with Mazars participation

Rebuild Ukraine in Warsaw and Mazars' Participation

The 2nd edition of the international exhibition and conference, **Rebuild Ukraine**, took place in Warsaw on **November 14-15**, uniting key stakeholders in Ukraine's reconstruction, including donors, IFIs, public entities, ministries, large state companies, and private sector representatives primarily from the construction and energy sectors.



Notably, the event showcased a robust participation of both state and private energy companies, featuring a dedicated conference on Ukraine's energy sector rebuilding and transition towards sustainability. The Ukrainian Minister of Energy Herman Halushchenko underscored the commitment to steering towards a greener and decarbonized economy, emphasizing the objective to integrate the energy efficiency in reconstructing infrastructure ravaged by the war.

A focal point of the event was the FIT: Forum on Investments & Transformation, where major recent investments into Ukraine, including projects by Kingspan, Bayer, Kronospan, Terwin Group, were spotlighted. Discussions also delved into available financial instruments for foreign businesses interested in opportunities in Ukraine.

The occasion served as a platform for Ukrainian stakeholders, encompassing businesses and communities with reconstruction projects of different scales, to articulate their needs to foreign governments, entities and businesses from multiple countries (France, Germany, United Kingdom, Danmark, Sweden, Norway, USA, Belgium, Canada, Poland, Finland, Spain, Austria, Lavia, Czech Republic, Netherlands and others).

Mazars experts from Poland, the United Kingdom, Germany, France, and Ukraine, boasting expertise in capital financing, energy & infrastructure, tax & legal, and financial advisory sectors, actively engaged with IFIs, DFIs, businesses, and government representatives, illustrating Mazars' supportive role in Ukraine's reconstruction initiatives.



Source: Mazars

Ukraine reconstruction: key figures

Energy Sector Support

As winter approaches, Ukraine is gearing up for the heating season, presenting a significant challenge for the country's energy sector. Various international stakeholders have joined initiatives to support the energy sector through diverse forms of humanitarian aid and projects.

"We express gratitude to every country for their assistance, which has brought warmth and light to the homes of Ukrainians," remarked Herman Halushchenko, the Minister of Energy of Ukraine.

The received equipment from our international partners includes generators, transformers, autotransformers, surge limiters, circuit breakers of various capacities, special vehicles, and more. A substantial portion of these deliveries has been coordinated through the [Ukraine Support Task Force](#) by the Energy Community—an international organization that unites the European Union and its neighbors to establish an integrated pan-European energy market. On November 23 the Ministry of Energy of Ukraine published the overview of the international assistance for the energy sector:



- **10 500 tons of energy equipment received as humanitarian aid since February 2022;**
- **5938 tons of energy equipment received in 2023;**
- **496 shipments of humanitarian aid** for the energy sector;
- **35 donor countries providing assistance;**
- **120 donor entities:** companies, governmental institutions, and non-governmental organisations;
- **5 200 tons already distributed among 104 companies** of energy sector of Ukraine.

Sources: Ministry of Energy of Ukraine, Ukraine Support Task Force by Energy Community

Key developments for the Reconstruction of Ukraine

The European Commission recommends starting accession negotiations with Ukraine

On November 8, the European Commission adopted the **2023 Enlargement Package**, providing a detailed assessment of the state of play and the progress made by Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia, Türkiye, and for the first time also Ukraine, the Republic of Moldova and Georgia on their respective paths towards accession to the European Union. In particular, the reports focus on the progress in the implementation of fundamental reforms, as well as on providing clear guidance on the reform priorities ahead.



Highlights include the **Commission's recommendation to open accession negotiations with Ukraine and Moldova**, to grant candidate status to Georgia and to open accession negotiations with Bosnia and Herzegovina, once the necessary degree of compliance is achieved.

According to the European commission [report on Ukraine](#), in Ukraine, the decision to grant EU candidate status in June 2023 created a powerful reform dynamic, despite the ongoing war, with strong support from the people of Ukraine. The Ukrainian government and Parliament demonstrated resolve in making substantial progress on meeting the 7 steps of the European Commission Opinion on Ukraine's EU membership application.

Ukraine has established a transparent pre-selection system for the Constitutional Court judges and reformed the judicial governance bodies. It has further developed its track record of high-level corruption investigations and convictions and strengthened its institutional framework. Ukraine has taken positive steps in a wider and systemic effort to address the influence of oligarchs. The country has also demonstrated its capacity to make progress in aligning with the EU acquis, even during wartime.

The next step is for the European Council to consider the recommendations of the Commission and take decisions on the steps ahead in the enlargement process.

Source: European Commission

The Verkhovna Rada adopted a law on investment insurance against military and political risks

On November 22, the Verkhovna Rada adopted in the second reading the amendments to the Ukrainian law on financial mechanisms for stimulating export activity regarding investment insurance in Ukraine against war risks (Law No. 9015, mentioned in our newsletter as of June 2023). The law comes into force on January 1, 2024.

According to the Law, the Ukraine's Export Credit Agency (ECA) is authorized to insure and reinsure military and/or political risks of financial losses of Ukrainian and foreign business entities if they are related to investments in the creation of facilities and infrastructure necessary for the development of the processing industry and the export of Ukrainian-origin goods (works, services).

The ECA will also be able to insure and reinsure against military and/or political risks the investment loans of Ukrainian banks aimed at this purpose.

The Export Credit Agency will soon start working on developing products that will meet the new legal requirements and meet the demand of investor companies for protection against wartime financial risks. The law is to be signed by the President of Ukraine to come into force.

Sources: ECA, Verkhovna Rada



International benchmark

The DFC committed financing for 5 projects in Ukraine

In October November 2023, the US International Development Finance Corporation committed financing for 5 projects in Ukraine under different financial instruments. The commitments align with DFC's five priority sectors: energy, infrastructure, health, agribusiness, and small business support.

The first one is a \$250 million loan to MHP SE to support the Ukrainian poultry and grain producer's efforts to mitigate the effects of Russia's war against Ukraine. The loan to MHP SE would provide the company with funds to assist in the company's refinancing needs for existing debt as well as capital to support improvements to facilities, including increased storage capacity and installation of electrical backups. DFC's loan would also support the company's transportation operations, increasing the company's ability to transport goods via truck over land. These investments would support MHP SE's production and export capacity.



Two deals mobilizing capital for sustained support of Ukrainian small businesses: In collaboration with USAID/Ukraine, a **\$20 million loan portfolio guaranty to Bank Lviv** (PJSC JSB Lviv) will support continued lending to MSMEs in western Ukraine, including women-owned and -led businesses; and a **\$40 million loan portfolio guaranty to Raiffeisen Bank JSC** will expand MSMEs access to credit across the country.

Guaranteeing access to trade finance in Ukraine: a **\$50 million guaranty for the IFC's Global Trade Finance Program** will increase access to trade financing for Ukrainian banks and enhance the resilience of the local economy.

The DFC will also support the critical healthcare services in Ukraine by a **\$25 million of political risk insurance for the Superhumans Center**, a non-profit center that provides prosthetics and rehabilitation to people wounded in the war in Ukraine.

Sources: DFC, Ministry of Economy of Ukraine

The EBRD reached its target of 3 billion euros investments for Ukraine

The European Bank for Reconstruction and Development (EBRD) **has met its target of deploying €3 billion of financing in Ukraine's real economy** in 2022-23, to limit the impact of Russia's war on the country since February 2022.

The EBRD, Ukraine's biggest institutional investor, was swift to pledge increased support following the Russian invasion, focusing on energy security, vital infrastructure, food security, trade and the private sector. Its investment programme, put together shortly after the war began, also supports Ukraine's neighbors, which have been buffeted by the conflict on their doorstep.

"We are fully committed to continuing to support Ukraine, now and in the future. The EBRD remains a steadfast partner of the country and its people over the long term," stated EBRD President Odile Renaud-Basso.

In order to sustain support for Ukraine during wartime and reconstruction, the EBRD's Governors have agreed to collaborate on a capital increase ranging from €3 to 5 billion by the year-end. If approved, this increase could provide the EBRD with additional resources to invest in supporting Ukraine.

One of the latest EBRD deals involves a €200 million euros lending to help Ukraine's gas entity Naftogaz build up strategic gas reserves in the second winter heating season since the Russian invasion in February 2022.

Source: EBRD

The Council of Europe Development Bank (CEB) allocated 100 million euros for the Ukrainian health sector

On November 17, the **Council of Europe Development Bank (CEB) approved a €100 million loan to the Ministry of Health of Ukraine for the restoration of health infrastructure damaged by the war and to address urgent health needs.**

According to data from the Ministry of Health, the aggression of the Russian Federation against Ukraine has resulted in approximately \$2.5 billion in damage to the health sector infrastructure. This has significantly restricted the availability and accessibility of health services in Ukraine, particularly in regions affected by armed conflict.



The CEB's loan will contribute to the Health Enhancement and Life-Saving (HEAL) project, a \$500 million framework operation developed by the World Bank in collaboration with

Ukrainian authorities. This project aims to bring together various development partners. The World Bank has already approved \$100 million loan and \$20 million in grants to get the project off the ground.

The funding from the CEB will empower the Ministry of Health to strengthen primary health care, supporting mobile teams that deliver essential health services in war-affected areas and remote regions. The project will also finance the renovation of hospital buildings and address urgent new health needs, particularly those related to mental health.

In the long term, the project intends to enhance the resilience of Ukraine's health sector through targeted investments in e-health and the introduction of new functions for sustainable and innovative health service delivery.

In earlier developments in November, the Deputy Minister of Finance of Ukraine, Olga Zykova, was appointed by the President of Ukraine as the representative of Ukraine at the CEB Administrative Council. Ukraine officially completed the process of joining the Council of Europe Development Bank (CEB) in June 2023, becoming its 43rd member.

Source: The Council of Europe Development Bank, Ministry of Finance of Ukraine

French business delegation to explore business opportunities in Ukraine

The CCI France-Ukraine, with the collaboration of the Ukraine committee of the Foreign Trade Advisors of France and support from the economic service of the French Embassy in Ukraine, organized **a visit by a French companies' delegation to Ukraine on October 30-31.**

The participating companies in the delegation operate in sectors **closely aligned with Ukraine's current needs for recovery and reconstruction**, including complex engineering projects, transport & logistics, energy, digital, and heritage. Participants immersed themselves in Ukraine's economic resilience, exploring opportunities, the business climate, available financing, and the country's reconstruction prospects.



Engaging with key stakeholders, French institutions, networks, and Ukrainian authorities, they gained insights from the French economic community, including CCIFU board members, the Economic Section of the French Embassy, Business France, the Ukraine Committee of the Foreign Trade Advisors of France, and the French Institute in Ukraine.

On the Ukrainian side, participants met Advantage Ukraine to discuss investment opportunities and insurance mechanisms provided by DFIs and governments. They also engaged with the Ukrainian Chamber of Commerce and Industry, regional authorities, and the Agency for Reconstruction and Infrastructure Development to understand reconstruction

needs and explore private sector participation in major projects. Meeting with the economic and commercial section of the Delegation of the European Union covered EU economic policies, the Ukraine Facility scheme, and European programs for business.

To witness on-the-ground realities, the delegation visited Irpin to observe destruction and reconstruction efforts, discussing potential investment projects. They also explored UNIT.City, Europe's largest innovation park, interacting with stakeholders in the Ukrainian tech ecosystem for insights into the technology sector.

This mission laid the foundation for future partnerships and collaborations.

Source: CCIFU

The 6th German-Ukrainian Business Forum took place in Berlin

The 6th German-Ukrainian Business Forum took place in Berlin on October 24 with the participation of the high-level German and Ukrainian official. The forum gathered about 500 attendees, including politicians and representatives from German businesses already engaged or interested in developing projects in Ukraine.

The forum was opened by German Chancellor Olaf Scholz and Ukrainian President Volodymyr Zelenskyi (assisted online), while Ukrainian Prime Minister Denys Shmyhal, 1st Vice-Prime Minister – Minister of economy Yulia Svyrydenko and Vice-Prime Minister for Ukraine's Reconstruction Oleksandr Kubrakov participated in person. The discussions addressed the Ukraine's economic development during the war and opportunities for cooperation and investment, with the **focus on infrastructure, energy and defense.**

A significant announcement during the forum came from Olaf Scholz, revealing the **preparation of a €1.4 billion winter military aid package for Ukraine** including air-defense equipment. Additionally, the Ukrainian Prime Minister announced the establishment of a **joint venture between the German defense concern Rheinmetall and the Joint Stock Company "Ukrainian Defense Industry."**

Officially registered on October 18, the joint venture will provide maintenance and repair of equipment supplied by the partners to Ukraine. This enterprise will also localize the production of leading models of Rheinmetall AG equipment. Notably, this marks **the first joint venture established with foreign partners, involving the participation of Ukrainian Defense Industry JSC.**

During the forum, 1st Vice-Prime Minister and Minister of Economy Yulia Svyrydenko highlighted that the **German government has already provided investment guarantees for 14 companies operating in Ukraine, totaling €280 million (\$296 million).** Christian Bruch, deputy chairman of the German Eastern Business Association, mentioned that a total of 30 project proposals are currently under evaluation.

Sources: Cabinet of Ministers of Ukraine, Ukroboronprom, Deutsche Welle

Focus on the private sector in Ukraine

Horizon Capital invests in the Ukrainian EdTech company GoIT

Horizon Capital, a U.S. private equity firm investing primarily in fast-growing tech and export-oriented companies in Ukraine, announced an investment to GoIT, a leading global edtech platform. According to various media sources, the **deal is estimated to be between \$10-15 million**. This transaction marks the firm's second investment from its latest fund, Horizon Capital Growth Fund IV (HCGF IV), which reached \$298 million at its most recent closing held September 28, 2023.

GoIT is a new generation educational company, helping aspiring students to learn programming and other digital skills for a successful career in tech. Led by serial entrepreneur, managing shareholder, Roman Korytskyy, and CEO, Anton Chorny, GoIT has grown to over 20,000 students and supporting placing alumni in 850+ tech companies in 15 countries. The Company has demonstrated stellar capital efficiency, growing USD revenues by over 12 times between 2020-2023, while maintaining strong profitability and cash flows. GoIT was recognized by the Ministry of Digital Transformation of Ukraine as the #1 institution by number of employed alumni as part of IT Generation program.



Source: Horizon Capital

Carlsberg continue investing in Ukraine

In the summer of 2023, **Carlsberg established a new production line for bottling beer in cans at its Kyiv-based plant, investing 1.5 billion hryvnias (40 million euros) in this project**. A new production line at the brewery in Kyiv is to increase the production capacity of canned products by 80%.

In an interview with New Voice Ukraine, Jacob Aarup-Andersen, the CEO of Carlsberg Group, mentioned that **the company is investing about UAH 2 billion (\$55.5 million)**, not only in the canning production line but also in other commercial projects. Carlsberg, being the leader in the Ukrainian beer market, aims to maintain its position even after the war concludes. Aarup-Andersen expressed optimism about a positive resolution to the conflict in Ukraine, which motivates Carlsberg's investment in the country.

It's noteworthy that Carlsberg made these investments without seeking war-risk insurance offered by the Danish government to companies investing in Ukraine. According to the CEO, they do not perceive their investments in Ukraine as particularly risky.

Carlsberg Ukraine employs more than 1,300 people at its breweries in Kyiv, Lviv and Zaporizhzhia and provides more than 20,000 jobs in related industries such as hospitality, agriculture, logistics, etc.



It's worth mentioning that the Carlsberg's assets in Russia, namely 8 brewing plants, has been recently nationalized and transferred to Russia's Federal Agency for State Property Management or Rosimushchestvo. The company estimated its share in the Russian market at 27%.

Source: Carlsberg, New Voice Ukraine

Defense technology cluster Brave 1 invests in the Ukrainian defense tech

Natalia Kushnerska, the CEO of Brave1, announced that the **Brave1 defense technology cluster aims to finance Ukrainian developments exceeding \$2 million by the end of 2023**. Brave1 is a comprehensive coordination platform initiated by the Government of Ukraine to foster collaboration among key stakeholders in the defense tech industry. It was created by the Ministry of Digital Transformation, Ministry of Strategic Industries, Ministry of Economy, Ministry of Defense, the General Staff of the Armed Forces of Ukraine, and the National Security and Defense Council of Ukraine.

Within its seven months of existence, the platform has seen the registration of 750 Ukrainian defense-tech projects. Notably, 79 innovative solutions have been awarded grants totaling over \$1.4 million, with an additional 49 developments in the final stages of contract negotiation totaling \$745 thousand.

Brave1's head mentioned that a significant allocation of **UAH 1.5 billion (approximately \$40 million) has been earmarked from the state budget to finance the cluster's innovative solutions in 2024**.

The cluster's primary focus is on ground robotic systems, electronic intelligence, and electronic warfare. These technologies will be prioritized for funding.

Source: InVenture, Brave 1

Contact us



Gregoire Dattee
Managing Partner,
Mazars in Ukraine
gregoire.dattee@mazars.ua



Diana Sidko
Ukraine's Reconstruction Project Coordinator,
Mazars in Ukraine
diana.sidko@mazars.ua



Denys Shendryk
Partner, Head of Tax and Legal,
Mazars in Ukraine
denys.shendryk@mazars.ua

About Mazars

Mazars is an international, integrated and independent firm, specialising in audit, advisory, accountancy, tax and legal services [1]. With a presence in 90 countries and territories across the world, Mazars brings together the expertise of 47,000 professionals – 30,000 in our integrated partnership and 17,000 in the United States and Canada via the Mazars North America Alliance – to serve clients of all sizes at every stage of their development.

[1] Where permitted under applicable country laws.