



Ukraine reconstruction project

The newsletter on the main recent developments

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In this fourth edition of our newsletter, we would like to look back at one of the key events in the reconstruction of Ukraine, the Ukraine Recovery Conference 2023 (URC, previously known as the Ukraine Reform Conference), which took place in London on June 21-22. This event has become a crucial platform for discussing the achievements, results, and prospects for the country's reconstruction. It has also served as a forum for exchange among donors, financial institutions, and the private sector.

Other notable developments include France's investment insurance instrument, EBRD's collaboration with DFIs, and the reopening of the Polish Investment and Trade Agency office in Ukraine. We also showcase Kingspan Group's \$280 million investment, Nestlé's \$45 million pasta factory, and the "Dobrobut" medical network's \$20 million hospital.

Ukraine reconstruction: key figures

\$60 billion

agreed in total by international partners in different forms during Ukraine Recovery Conference 2023 (URC) to meet recovery and reconstruction needs

€50 billion

announced by EU within a new Ukraine Facility for the next 4 years

Over 500 businesses

from 42 countries signed Ukraine Business Compact launched at URC to support the recovery and reconstruction of Ukraine

130 projects

presented at the URC Marketplace - debt and equity financing for state-owned enterprises, public and private sectors - amounting to approximately \$67 billion in total

Ukraine Recovery Conference 2023

On June 21-22 the Ukraine Recovery Conference 2023 (URC) was co-chaired by the UK and Ukraine in London. This conference was a continuation of the cycle of annual events, with URC 2022 conducted jointly with Switzerland in Lugano, and is dedicated to Ukraine's transformation (it was launched in London in 2017 as the Ukraine Reform Conference).

URC 2023 brought together Leaders, Ministers, and representatives of 59 states, 32 international organisations and international financial institutions, over 500 businesses, and 130 civil society organisations.

The conference focused on mobilising international support for Ukraine's economic and social stabilisation and recovery from the effects of war, including through emergency assistance for immediate needs and financing private sector participation in the reconstruction process.

- **1st in-person meeting** of the Steering Committee of the **Multi-Agency Donor Coordination Platform for Ukraine** in the margin of URC;
- **up to €50bn** for recovery, reconstruction, and modernisation **from EU** within new multi-year Ukraine Facility till 2027;
- **€800mln** of additional agreements signed by **European Commission, EBRD, IFC and EIB** to mobilise private investment for the recovery and reconstruction of Ukraine's economy;
- **\$1.3bn** in additional aid to Ukraine **from US**, including \$675m to modernise Ukraine's critical infrastructure;
- **\$3bn guarantees** announced **by UK** to support additional World Bank lending up to 2027, and **£240mln** (~\$300bn) of support for immediate needs;

- **CHF1.5bn (~\$1.7bn)** announced **by Switzerland** for support till 2027;
- **€40mIn** committed **by France** for 2023 in grants to support health and critical infrastructure depending on the Ukrainian needs;
- **500 global businesses** from 42 countries worth more than \$5.2 trillion and 21 sectors have already signed the **Ukraine Business Compact**, pledging to support Ukraine's recovery and reconstruction.

Sources: Ukraine Recovery Conference, European Commission, Advantage Ukraine

International benchmark

France announces an investment insurance instrument to French companies' projects in Ukraine

As part of the Ukraine Recovery Conference in London, the French Ministry of Economy confirmed France's desire to support its investors' projects in Ukraine through a bilateral mechanism to insure investments in Ukraine against war-related destruction, facilitated by Bpifrance Assurance Export.

Bpifrance Assurance Export, on behalf of the state, offers an [investment insurance](#) that protects French investors in Ukraine against political risks, particularly war related risk. The coverage can encompass any type of investment with a duration of over 3 years (equity, bank loans or shareholder loans, bank loan guarantees, royalty contracts) with a 95% coverage ratio. The guarantee period can extend up to 20 years.

Beneficiaries of investment insurance can be French companies making investments in Ukraine or credit institutions supporting French investors by providing loans for their investments.

The risks covered by the instrument include infringement on property rights (inability to exercise investment-related rights, complete or partial asset destruction, impediment to normal operation) as well as non-payment and/or non-transfer of amounts owed to the investor.

Sources: French Ministry of Economy, Finance, Industrial and Digital Sovereignty, Bpifrance

EBRD and the Ukrainian government to mobilize €600 million for Ukraine energy security

The European Bank for Reconstruction and Development (EBRD) and the Ukrainian government of Ukraine have agreed, at the Ukraine Recovery Conference, to join forces to mobilise a major new financing package supporting the country's energy security, with finance for electricity, gas and hydro companies totaling €600 million in the form of loans and grants from international donors.

Odile Renaud-Basso, President of the EBRD – which is Ukraine's biggest institutional investor – signed three Memoranda of Understanding on June 21 with Ukrainian Prime Minister Denys Shmyhal in London on mobilising €200 million for the electricity transmission company Ukrenergo, €200 million for the gas company Naftogaz and €200 million for Ukrhydroenergo, the hydropower entity.

The EBRD, which has a relationship with Ukraine dating back more than three decades, working both on projects and on support for the Ukrainian authorities' reforms, has already significantly increased its support there since the Russian invasion last February, committing to invest €3 billion in 2022-23.

Sources: Government Portal, EBRD

Ukraine Co-Investment Platform by EBRD and DFIs

The EBRD and Development Finance Institutions (DFIs) from around the world signed during the Ukraine Recovery Conference a Memorandum of Understanding to provide a framework for collaboration when making co-investments in Ukraine, mainly in the private sector.

This agreement delivers on an initial commitment by the EBRD and the G7's DFIs to establish the **Ukraine Investment Platform**, announced during the G7 meeting in Tokyo last month, with new participants now joining to bring the total number of participants to 19.

Recognizing the extensive financial needs of Ukraine and the vital role of the private sector in its recovery, the participating institutions have agreed to coordinate their efforts to maximize impact. The EBRD, as the largest institutional investor in Ukraine, will act as the Lead Institution for co-investments under the newly established Investment Platform.

Source: EBRD

Ukraine Recovery Guarantee Facility

On June 21, Ukraine signed also, a statement of intent with the EBRD, European Commission, Norway, Switzerland and other countries on cooperating to relaunch the **private insurance market in Ukraine**, by working jointly with key market and public-sector stakeholders to develop a guarantee facility.

The signatories will explore the possibility of cooperating on establishing a **Ukraine Recovery Guarantee Facility**, in partnership with leading international private-sector institutions, aiming to facilitate the provision of private-sector insurance against war-related risks in Ukraine. This would initially focus on trade but have the potential to expand to other segments of the insurance market.

Sources: EBRD, Governmental Portal

Polish Investment and Trade Agency resumes work in Ukraine

Beginning of July, the office of the Polish Investment and Trade Agency (PAIH), which moved to Warsaw at the beginning of the Russian Federation's full-scale invasion, has resumed work in Kyiv.

The high-level officials from Polish and Ukrainian side took part in the opening ceremony on July 6. The main goal of the Kyiv office will be to promote the entry of Polish businesses into the Ukrainian market, particularly in attracting investment to reconstruction projects. Thus, representatives of Polish companies will be able to receive assistance and information regarding further cooperation. PAIH has already created a database of Polish companies

seeking opportunities for cooperation with Ukrainian businesses. This database contains information on over 2,500 enterprises and organizations.

The PAIH board member Grzegorz Oszast emphasized that PAIH treats the office in Kiev as a priority and both Polish companies wanting to increase their presence in Ukraine and Ukrainian companies looking for Polish business partners can apply to it.

Sources: National Agency for Restoration and Infrastructure Development, PAIH, UBN

Ecosystem of Stakeholders for the Reconstruction of Ukraine

The Multi-agency Donor Coordination Platform for Ukraine

The [Multi-agency Donor Coordination Platform for Ukraine](#) was launched on 26 January 2023 with its inaugural Steering Committee meeting. It brings together high-level officials from Ukraine, the EU, the G7 countries, as well as partners from International Financial Institutions, notably the European Investment Bank, the European Bank for Reconstruction and Development, the International Monetary Fund and the World Bank, to coordinate efforts to address Ukraine's financing needs, both in the short to medium-term. The Platform is the primary vehicle for Ukraine to convene with its key partners on recovery and reconstruction planning and assistance.

The fourth meeting of the Steering Committee of the Platform was held on June 21 in the margin of the Ukraine Recovery Conference 2023 in London, for the first time in person. Discussions focused on how to meet Ukraine's urgent priority needs, and the role of the Platform in coordinating support for Ukraine's medium and longer-term recovery and reconstruction needs beyond 2023, as well as Ukraine's reform agenda.

Sources: European Commission, Ukrainian Governmental Portal, The White House, Donor Coordination Platform for Ukraine

DREAM - digital platform for reconstruction projects – presented at URC 2023

The public module of the [DREAM platform](#) (mentioned in our Newsletter as of May) was presented at URC. DREAM — Digital Restoration Ecosystem for Accountable Management — is a state digital ecosystem that provides a single digital pipeline for all reconstruction projects.

Communities can create projects, present them to international partners to attract financial resources and manage the construction process. DREAM allows anyone, anywhere, to monitor project performance and efficiency and use this information to mitigate risks, create accurate reporting, and improve the quality of projects overall.

According to the BRDO (Better Reform Delivery Office, partner of the project), the public module of the ecosystem will become a tool for coordination and ensuring a smart and transparent reconstruction for the donor platform. It is available in English and allows you to view data by project by sector, community, and region. The Ukrainian-language version will be presented in July 2023.

Since November 2022, the platform has been operating in pilot mode, and during this time representatives of communities and regions, central authorities have already contributed more than 2,000 projects and project ideas to DREAM. The system would become fully functional in March 2024.

The Ministry of restoration together with the National Agency for Restoration and Infrastructure Development and in cooperation with Open Contracting Partnership is also establishing the Project Office for the development and implementation of the DREAM Platform. The Project Office will be led by Viktor Nestulia, the Head of Ukraine Support at Open Contracting Partnership and co-founder of the RISE Ukraine Coalition.

Sources: DREAM, BRDO (Better Reform Delivery Office), Ministry of restoration

Advantage Ukraine gathered 130 projects on different stage

Under the guidance of the [Advantage Ukraine](#) team, a catalog of over 130 investment projects with a total value of \$67 billion was compiled in preparation for the URC in London. The URC Marketplace, a dedicated zone within the conference, showcased these projects, presented by different ministries and institutions from Ukraine.

According to Oleksandr Gryban, Advisor to the Minister of Economy of Ukraine on Investment, Innovation, and War Risk Insurance, and Head of the Investment Team at Advantage Ukraine (previously served as Deputy Minister of Economy), the 130 projects gathered offer debt and equity financing opportunities for state-owned enterprises, the public sector, and the private sector. Some of them are in the early stage, some of them are more advanced and ready to start being processed.

This was done through the platform “Advantage Ukraine,” which is the governmental platform for collecting interest from investors from one side and consolidating the projects from the locals, from the other side. The platform exists with the support of the USAID Competitive Economy Program.

Source: Advantage Ukraine, KyivPost

Focus on the private sector in Ukraine

Kingspan Group implementing large investment project worth \$280 mln in Ukraine

The Irish company Kingspan Group is implementing a large investment project in Ukraine worth over \$280 million, announces the Prime Minister of Ukraine Denys Shmyhal. Discussions took place mid-June with the company's management regarding the details of its implementation in accordance with the law on state support for investment projects with significant investments. The government office UkraineInvest is assisting with the project.

The new project, a high-tech campus for the production of construction materials, will create more than 700 jobs. Ukraine, on its part, will support the establishment of the necessary infrastructure for the functioning of the production facility.

Earlier in 2022, Mr. Gene Murtagh, CEO of Kingspan Group, commented that "This investment sits at the crossroads of three crises: the climate crisis, the energy security crisis, and the crisis caused by the Russian war against Ukraine. The new Building Technology Campus we are planning will make positive contributions on all three fronts, supporting Ukraine as it rebuilds its economy, meeting demand across central and Eastern Europe for energy efficient buildings, and helping Europe to reduce reliance on oil and gas imports.

Sources: Kingspan Group, InVenture, InvestMonitor

Nestlé is building a new \$45 million new pasta factory in Ukraine, Volyn region

The Swiss conglomerate Nestlé has started constructing a new pasta factory in the village of Smoligov, Volyn region, announced by the company end of 2022. New factory representing a CHF 40 million (\$45 millions) investment will be built next to the Nestlé distribution center, which has been operating for more than 10 years. The launch of the plant and the start of production is scheduled for the 1st quarter of 2024.

Together with the factory in Torchin, the production network in Volyn will become the company's European regional hub for the culinary products category, employing 1,500 people who will ensure the supply of products to the Ukrainian market and other European markets.

Sources: Nestle, InVenture

The "Dobrobut" medical network opened a new clinic in Kyiv for \$20 million

A new multidisciplinary hospital of the Dobrobut medical network for adults and children has been opened in Kyiv in spring 2023. The new medical clinic covers all patient needs - from emergency care and basic diagnostics to complex surgical interventions.

"Our new multidisciplinary hospital is the embodiment of our belief in victory. It is evidence that Ukrainian business firmly believes in the future of Ukraine. The total amount of investment in the project amounted to almost \$20 million" said Vadym Shekman, general director of Dobrobut.

New multidisciplinary hospital Dobrobut already receives about 400 visitors every day, and soon about 600-700 visits per day are expected.

Dobrobut was founded 2001 when they opened an emergency care service in Kyiv and operates today around 20 clinics and medical centers mainly based in Kyiv and Kyiv region. In 2022 they extended their capacities in regions and opened medical centers in Lviv and Ivano-Frankivsk, in Western Ukraine. In 2023 Dobrobut opened already 5 medical centers and clinics in Kyiv. The "Dobrobut" team consists of more than 2,500 medical professionals.

Source: Dobrobut, InVenture

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[1] Where permitted under applicable country laws.