



Ukraine reconstruction project

The newsletter on the main recent developments

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Dear readers,

We are pleased to present to you the second edition of our newsletter on the economic reconstruction and resilience of Ukraine. In this edition, we will keep you informed about the latest developments and ongoing initiatives related to the reconstruction and economic resilience of Ukraine, including the implementation of the DREAM electronic platform, the Ukraine Development Fund, and the Humanitarian Demining Center, as well as international cooperation for reconstruction and economic resilience.

We hope this edition will be useful and informative for you.

Ukraine reconstruction: key figures

\$325 million

raised through the national UNITED24 platform in one year

\$397 million

of needs for humanitarian demining during the current year, according to the World Bank

470,000 hectares

of agricultural land to be surveyed and cleared of mines

Solidarity

Since its announcement by the President of Ukraine on May 5, 2022, the national UNITED24 platform has sparked solidarity from people around the world with Ukraine. UNITED24 is a digital communication platform whose goal is to collect contributions to support the country on accounts of the National Bank that are then redistributed for defense, humanitarian demining, medical aid, reconstruction, education, and science. Fifteen world personalities are ambassadors of the platform, including singer and actress Barbra Streisand, Imagine Dragons, Balenciaga's creative director Demna, director Michel Azanavicius, astronaut Scott Kelly, historian Timothy Snyder, entrepreneur Richard Branson, country singer Brad Paisley, traveler Bear Grylls, as well as famous Ukrainian athletes Elina Svitolina, Andriy Shevchenko, and Oleksandr Usyk. UNITED24 is audited by Deloitte.

- **\$325 million** raised through the national UNITED24 platform.
- **110 countries** - geography of donors including international and Ukrainian businesses, charitable organizations, and private individuals.
- **100+ strategic partnerships** with companies worldwide.
- **176 ambulances** purchased with contributions via UNITED24.
- **3,839 drones**.
- **11 bridges** rebuilt in the occupied regions of Mykolaiv and Kherson.
- **1st machine** for humanitarian demining.

Sources: Ukrainian Ministry of Digital Transformation, UNITED24

Demining

Humanitarian demining is considered a crucial element for the security and economic recovery of Ukraine. It is also considered a priority in terms of spending for the Ukrainian government, alongside energy infrastructure, housing, critical and social infrastructure, as well as private sector development. According to the World Bank, the entire humanitarian demining in Ukraine will cost \$37.4 billion.

The needs for the current year amount to over \$397 million. International partners are becoming aware of the scale of this challenge and are supporting Ukraine by providing

funding or technical assistance. For example, Canada has provided Ukraine with equipment worth a total of CAD 22.5 million to clear mines from agricultural land to make them productive again and help restore food security.

- **30% of Ukraine's territory** is potentially contaminated by explosive objects, amounting to 174 000 km².
- **470,000 hectares** of agricultural land are to be surveyed and cleared of mines if needed.
- **\$34.7 billion** estimated total cost for humanitarian demining and explosive management in Ukraine.
- **\$397 million** of needs for humanitarian demining in 2023.

Sources: MOM, Ukrainian Ministry of Economy, Center for Economic Strategy

Ecosystem of Stakeholders for the Reconstruction of Ukraine

[DREAM - digital platform for reconstruction projects](#)

On May 5th, the Ministry of Community Development, Territories, and Infrastructure presented a communication platform and unified electronic system for managing restoration called [DREAM](#) (Digital Restoration Ecosystem for Accountable Management). The platform is designed to manage the country's reconstruction projects and facilitate access to financing for Ukrainian local authorities.

According to Mustafa Nayyem, head of the National Agency for Renovation and Infrastructure Development of Ukraine, DREAM will provide complete access to information on every stage of the reconstruction projects for all participants and citizens. All stakeholders, including international partners, will have the opportunity to follow every step of the reconstruction projects' implementation. The ministry has established, according to Deputy Minister of Infrastructure Oleksandra Azarkhina, funding priorities for projects based on the question of how many people will benefit from basic services through investment. Priorities include critical infrastructure such as water supply, sanitation, electricity, and heating, followed by transportation infrastructure and other projects.

The platform was initiated in the summer of 2022 by the Coalition of Civil Society Organizations RISE Ukraine. Funding for this development is provided through the Open Contracting Partnership projects and member organizations of the RISE Ukraine Coalition, including support from the British government. The platform's MVP will be presented at the Ukraine Recovery Conference in London on June 21st.

Sources: Ministry of Community Development, Territories, and Infrastructure.

Evolutions and important appointments

Ukraine Development Fund with BlackRock

The Ukrainian government has announced the establishment of the Ukraine Development Fund, a national development financial institution that will mobilize public and private capital for the reconstruction of Ukraine through innovative and traditional financial instruments for the implementation of large-scale business projects in Ukraine. The fund will focus on key sectors of the Ukrainian economy, including energy, infrastructure, agriculture, manufacturing, and information technology. The fund will contribute to Ukraine's efforts to rebuild the economy in line with best practices and become a key partner of the global community in the transition to a low-carbon economy.

The world's largest asset management firm, **BlackRock, will accompany the Ukrainian government in the establishment of the Fund.** The Ukrainian Ministry of Economy has signed an agreement with BlackRock Financial Market Advisory in early May 2023 to provide pro bono advisory services to support the design of the fund. This reflects the continuation of the partnership between BlackRock and the Ukrainian government following the signing of an MoU in November 2022.



President Volodymyr Zelenskyy noted, "Since independence, Ukraine has not seen truly significant and strategic private capital that would correspond to the scale and capabilities of the country." According to him, Ukraine is attracting the world's best financial and consulting organizations, including BlackRock, JPMorgan Chase, McKinsey, and others, to ensure the transparency and success of the project.

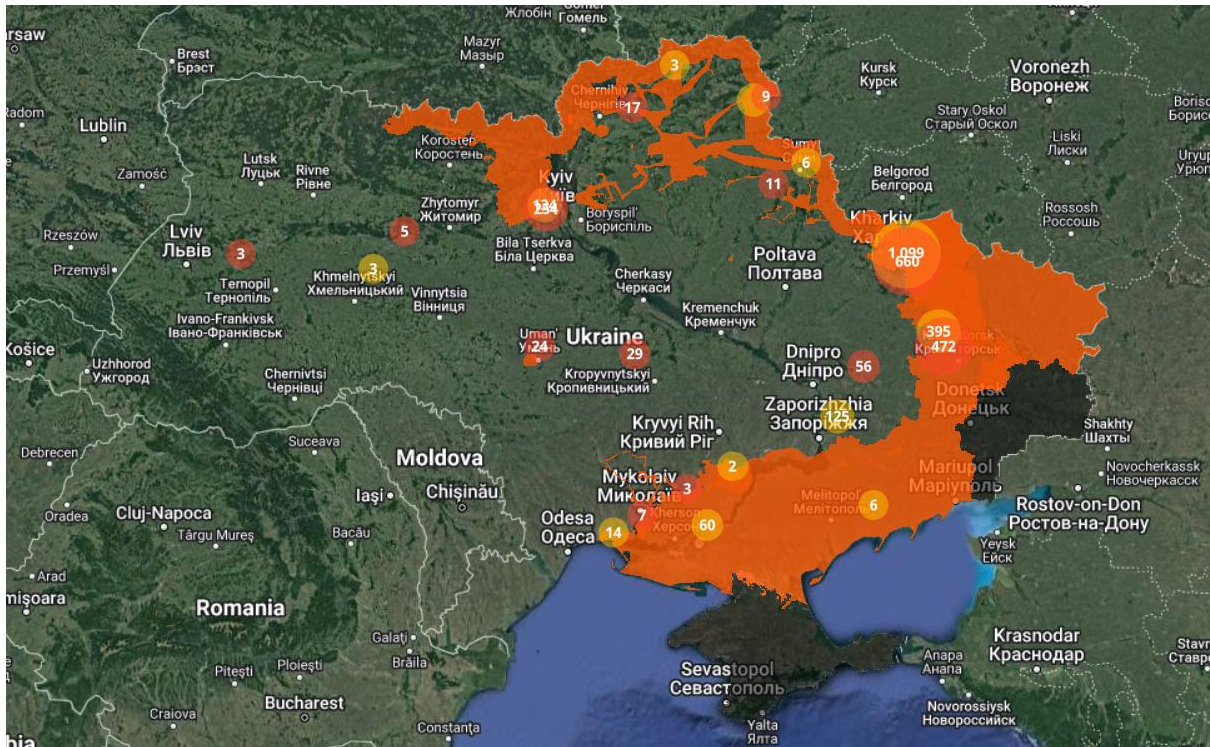
Humanitarian Demining Center

In mid-April, the Humanitarian Demining Center was established within the State Emergency Service of Ukraine. The goal of this institution will be to coordinate all humanitarian demining operators on the territory of Ukraine, to set priorities, and to interact with donors and international partners, public and private demining operators, as well as local authorities. The Ukrainian government believes that this will optimize and accelerate the implementation of humanitarian demining measures in Ukraine. To make the process as transparent as possible, it is planned to create a Supervisory Council, which will include representatives of G7 countries and other interested international organizations.

In addition, the Ukrainian Ministry of Strategic Industries will be responsible for launching the production of equipment for humanitarian demining.

In January 2023, [an interactive map](#) of potentially mined areas was launched in Ukraine to ensure safe routes in areas where there have been hostilities (location errors can reach up to 30 meters).

Sources: Ministry of Economy, Office of the Ukrainian President, National Emergency Management Service.



International Action for Reconstruction

France's financial support for rail supply: intergovernmental framework agreement presented for ratification

On April 21, the Ukrainian Cabinet of Ministers presented to the Ukrainian parliament for ratification the framework agreement between the government of Ukraine and the government France on the financial support of the project for the supply of rails to the Ukrainian railways.

The financial instrument used for this project is a loan from the French Treasury of 37.6 million euros, which is a state-to-state loan and requires, in accordance with Ukrainian law, that the framework agreement signed between the two governments on December 13, 2022, be ratified by the Ukrainian Parliament.

According to Ukrzaliznytsia, the agreement would enable the Ukrainian railways to receive around 20,000 tonnes of rails in 2023 from the company Saarstahl Rail SAS.

The loan will be granted for a period of 35 years with an annual interest rate of 0.0161%. The grace period, during which it will not be necessary to repay the principal debt, will be 14 years. Thus, taking inflation into account, the maximum value of one tonne would be 930 euros.

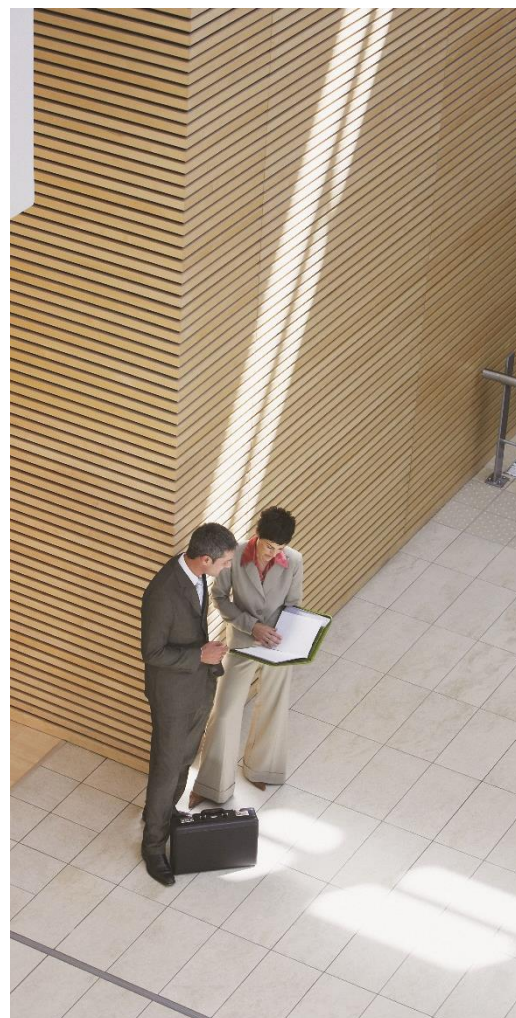
Before the large-scale war and the invasion of Mariupol, the main supplier of rails for the Ukrainian railways was the metallurgical group Metinvest, whose Azovstal plant in Mariupol produced these rails.

Sources: Ukrzaliznytsia, Verkhovna Rada of Ukraine

Ukrainian-Italian bilateral conference for reconstruction

A bilateral conference between Ukraine and Italy for the reconstruction of Ukraine took place in Rome on April 26, 2023. Over 500 Italian companies, including Iveco, Enel, Eni, Ferri, Parmalat, Altec, Leonardo Spa, and others, participated in the event, along with approximately 150 Ukrainian companies, which facilitated B2B meetings. Ukrainian companies held between 5 and 7 meetings, and some of them reportedly signed commercial contracts, according to Hennadii Chyzykhov, the President of the Ukrainian Chamber of Commerce and Industry. The Italian government has committed to assisting Ukraine in rebranding and improving its manufacturing image with "Made in Ukraine." The two governments signed an MoU to support and develop the branding of Ukrainian products. Additionally, the Italian government announced a €10 million allocation to the EBRD for energy infrastructure in Ukraine and concessional loans from Cooperazione Italiana worth €160 million for humanitarian needs and projects.

Sources: Ukrainian CCI, Ukrainian Governmental Portal, Ministry of foreign affairs and international cooperation of Italy



Horizon Capital raises over \$250M for its fund focused on Ukraine

On April 28, 2023, Horizon Capital, a US private equity firm primarily investing in high-growth, export-oriented technology businesses in Ukraine, announced that its latest fund, Horizon Capital Growth Fund IV (HCGF IV), had reached \$254 million at its interim closing in

Kyiv, Ukraine. The fund plans to invest in innovative companies in Ukraine and Moldova, with a focus on job creation, growth, and expanding the tax base.

The fund received increased commitments since its first closing from the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD); a new commitment from existing investor Société de promotion et de participation pour la coopération économique (Proparco); as well as investments from the U.S. International Development Finance Corporation (DFC), Swedfund International AB (Swedfund), Finnish Fund for Industrial Cooperation Ltd. (Finnfund), and Danish Investment Fund for Developing Countries (IFU). These join existing investors, including Deutsche Investitions- und Entwicklungsgesellschaft (DEG) and a subsidiary of the KfW Group, the Dutch Entrepreneurial Development Bank (FMO), the Swiss Investment Fund for Emerging Markets (SIFEM), the Western NIS Enterprise Fund, and the Zero Gap Fund, an impact investment collaboration between the Rockefeller Foundation and the John D. and Catherine T. MacArthur Foundation.

Horizon Capital's Founder and CEO, Lenna Koszarny, stated that the fund was created to support visionary businesses in the region and highlighted that the creation of this historic fund had a significant impact on Ukraine's economic resilience.

Sources: Horizon Capital, TechUkraine

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[1] Where permitted under applicable country laws.