

Rebuilding Ukraine

Resilience for the future



Rebuilding Ukraine: Resilience for the future

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The future of Ukraine may appear uncertain. The frontlines are the most volatile they have been since the first year of Russia's invasion, and looking to 2025, Western economic and military support is less predictable. Understanding what the future holds is crucial to any decision about investing or doing business in Ukraine.

But what is Ukraine's vision for its future? A bold one: the world's breadbasket, a European green energy supplier, a global IT leader, an advanced military tech exporter, and an EU partner expanding markets and economic opportunity for Europe. What makes this the most reliable statement about Ukraine's future is that Ukraine is already achieving it.

In 2024, Ukraine's agricultural exports grew by over 10 million tons, accounting for more than USD 10 billion in export value. Demining efforts are reclaiming farmland, and auctions of state-owned land have added 1,200 hectares to commercial agricultural production.

Ukraine's energy transmission systems are connected to Europe's and integrated with its financial and regulatory systems, providing storage for European gas suppliers and allowing electricity imports from Ukraine. Ukraine's renewable energy consumption will grow to 27% by 2030, requiring USD 20 billion in investments. Ukraine is bringing green energy capacity online at a rapid rate, including investments in solar, wind, biomethane, and geothermal projects.

Ukraine's IT sector contributes 4–5% of Ukraine's GDP, and this goes beyond key tech "unicorns". In 2024, over 50 Ukrainian startups attracted international financing. Tax reforms, government support programmes, a skilled workforce, and dedicated VC funds make Ukraine a digital-friendly jurisdiction.

Ukraine is now a world leader in military drone technology. Its defence industry is projected to grow by over USD 2 billion in 2024. The government is liberalising legislation to facilitate defence exports and restructuring state-owned military producers into commercial enterprises, with domestic manufacturers expected to hold a 65% market share by 2027.

Formal negotiations for Ukraine's accession to the EU opened in June this year, the culmination of reforms across government and industry, and extensive harmonisation in regulations, technology and trade. EU membership will dramatically boost FDI in Ukraine, but as the 2024 Ukraine Recovery Conference demonstrated: Europe is already investing in a post-war Ukraine as a full economic partner.

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, with the European Investment Fund expanding export guarantees for Ukraine.

International financing

The following IFIs offer loan and investment programmes:

- The European Bank for Reconstruction and Development (EBRD)
- U.S. International Development Finance Corporation (DFC)
- European Investment Bank (EIB)
- International Finance Corporation (IFC)
- WorldBank

Initiatives in many countries encourage their domestic companies to participate in Ukraine's reconstruction.

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|-----------|----------|---------------|
| — US | — Japan | — Norway |
| — UK | — Turkey | — Finland |
| — Germany | — Greece | — Netherlands |
| — France | — Poland | — Estonia |
| — Korea | — Sweden | — Luxembourg |

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 dept instruments from the National Bank of Ukraine (NBU). Rules for public-private partnerships (PPPs) with both state 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 programme to privatise 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 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.

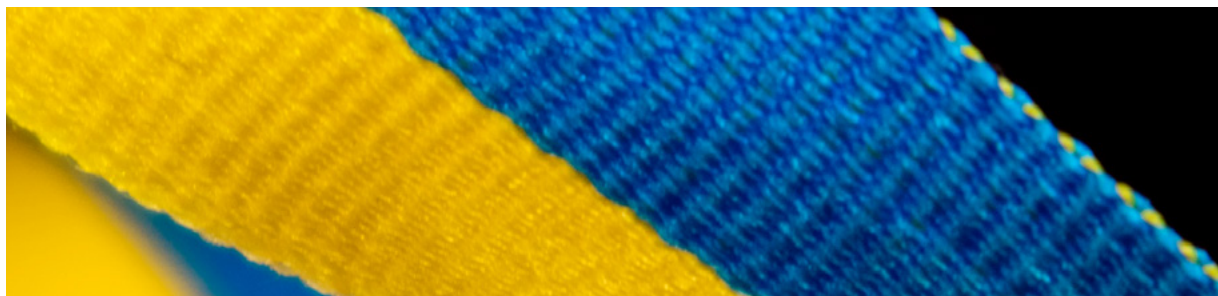
Large, state-owned companies operating in certain infrastructure sectors also act as contractors for reconstruction projects via public procurement. Key state-owned companies and agencies include:

- Ukrainian State Railways, the national railway carrier
- Ukrainian Sea Ports Agency, the authority managing Ukraine's port infrastructure,
- Naftogaz, the gas supply provider
- Ukrenergo, 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's progress towards EU integration is creating a stable and attractive destination for long-term, impactful investments.

- Ukraine is a member of the EU Single Market Programme and participates in other pan-European programmes offering 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 Organisation of Securities Commissions (IOSCO).
- Ukraine's energy sector is integrated with Europe's. 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.



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 USD 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 USD 7bn have been identified for the repair and modernisation of the transmission system as well as 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 USD 800 million** in investment. Ukraine's potential biomethane production is estimated at 21.8 billion cubic meters **worth USD 40 billion 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 six-fold in 2024, with a specific focus on drone systems. An agreement with the US Department of Defense on joint production, interoperability with NATO systems, and expedited approvals for investment will build production capacity further.

Agricultural

Ukraine will grow almost 9% of the world's grain in 2024, and Ukrainian enterprises will increase domestic processing of oil seeds by 3.5 million tons. UkraineInvest estimates that domestic processing 50% of current grain exports is **worth USD 30 billion in export value**.

Healthcare System

Public-private partnerships worth USD 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.

A bold opportunity

With financing available, government support, insurance mechanisms, and growing access to Europe, Ukraine has laid its foundation for long-term, resilient growth.

Ukraine's banks are solid, profitable, and providing mortgages and business financing. Construction and real estate markets are rising. Ukraine's agriculture sector is expanding exports, its energy and defence sectors are growing, and Ukrainian consumers are spending.

Where does your business fit in?

Contact CMS for expert guidance and on-the-ground experience in Ukraine.



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](#)

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.



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