“Lviv Gateway Concept”: Investment Opportunities at the Gateway to the EU

How the Western Ukrainian city is developing into a strategic hub for investment, production, and talent

With the “Lviv Gateway Concept,” KPMG AG presented in May 2024 a framework for how Western Ukraine could develop into a hub for investment and production. The aim was and remains to provide German companies with a predictable environment that enables close cooperation with regional partners in Western Ukraine and supports their integration into European supply chains. For German firms, the concept also offers the opportunity to assess early-stage investment options in a market characterized by its proximity to the EU, strong infrastructure and a large pool of skilled professionals.

“Ukraine’s reconstruction and transformation are beginning to show positive developments that international investors are following closely. Lviv’s proximity to the EU, its highly qualified talent pool and the new EU Ukraine Investment Framework create a business-friendly environment.”

Nicolai Kiskalt
Partner
KPMG AG Wirtschaftsprüfungsgesellschaft

The Four Pillars of the Concept

The “Lviv Gateway Concept,” presented by KPMG in Germany in May 2024, outlines a potential path for Lviv to position itself as Ukraine’s gateway to the European Union. The concept is built around four key pillars:

- Establishing a new European Investment Zone Ukraine (EIZU) to provide tax incentives and clear legal frameworks
- Creating a German-Ukrainian Bank to deliver financial solutions specifically for foreign investors
- Setting rules for investment and dividend repatriation to ensure transparent and reliable capital flows
- Developing a secure business travel framework to facilitate trips to Ukraine

All of these proposals share a common goal: building trust and safeguarding investments—two essential factors for companies entering new markets.

Current Developments

Investment Programs Gaining Momentum

Although a formal EIZU has not yet been established, the EU has launched a comprehensive Ukraine Investment Framework. Through guarantees and grants, €9.3 billion is available for projects in transport, digitalization, critical raw materials and energy. German companies active in these sectors can submit project proposals and, under certain conditions, access a combination of EU funding and national guarantees. Budget guarantees and blended finance instruments amounting to €2.75 billion have been announced for public and private investments as well as private equity participation.

At the same time, Lviv is evolving into an increasingly attractive production location, often discussed as a potential alternative to Asian manufacturing sites. Shorter delivery routes, lower logistics costs and geographic proximity to key EU markets make Western Ukraine a compelling option for companies.

Banking and Financing

The idea of a German-Ukrainian bank continues to be explored and is currently in the development stage. A possible joint venture between JSC Bank Lviv and ProCredit Bank is under discussion. For German financial institutions, this represents an opportunity to contribute expertise in risk management, payment transactions and credit financing.

Industrial and commercial firms would likewise benefit: a reliable local banking institution would enable faster payment processing, provide investment security and help close existing financing gaps.

Funding Opportunities for Companies

In the current year, the Ukrainian government is allocating more than €800 million to strengthen the industrial and construction sectors. For German companies, this means that investments do not need to be financed solely from their own resources but can be supplemented with grants and low-interest loans.

Examples include subsidies covering up to 30% of costs for machinery purchases and new equipment, as well as grants for agricultural technology and industrial park expansion. These programs are generally aimed at Ukrainian enterprises, but foreign investors can also benefit through local subsidiaries or joint ventures.

Companies investing in production facilities in Ukraine thus profit not only from low cost structures but also from direct government support.

Security for Business Travel

For many investors, security remains a decisive factor. In Lviv, several measures have already been implemented: guidelines for business travelers provide concrete, practical advice not only on travel itself but also on border crossing procedures and emergency management.

The potential resumption of civilian air traffic in Lviv is under ongoing discussion, though no final decisions have been made. Notably, several international airlines have announced investment plans, an encouraging sign of renewed confidence and economic revitalization.

Education and Skilled Workforce

Alongside infrastructure and financing, the availability of qualified personnel plays a key role. In February 2025, a workshop at the National University of Lviv brought together representatives from Ukrainian universities and KPMG experts to develop a concept for practice-oriented education in international project management.

The goal is to establish a specialized educational program tailored to the needs of internationally operating companies and projects. The focus areas include audit, consulting and management training with a clear international orientation.

Tangible Benefits for Companies

The recent developments present several advantages for German businesses:

1. **Proximity to the EU** provides a stable environment and short supply chains. Investments in the region enable flexible production management and greater independence from global risks.
2. **Funding programs** ease market entry. Public grants, low-interest loans and EU guarantees reduce initial costs and create financial security.
3. The **banking initiative** opens up new financing models. Companies can rely on local structures without building their own financing frameworks from scratch.
4. The **education initiative** strengthens the talent base. German firms can access qualified professionals familiar with European standards who deliver immediate value.
5. **Improved travel conditions** make it easier for international teams to manage projects on site and work closely with local partners.

Conclusion

More than a year after its introduction, the Lviv Gateway Concept demonstrates that while not all proposals have been implemented, key components are being realized step by step. For German companies, this translates into a continuously improving investment climate.

Those who act now can secure a first mover advantage through favorable production conditions, government support, access to skilled labor and integration into new European supply chains.

Lviv therefore offers not only opportunities for reconstruction but also potential for sustainable growth and international collaboration.

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