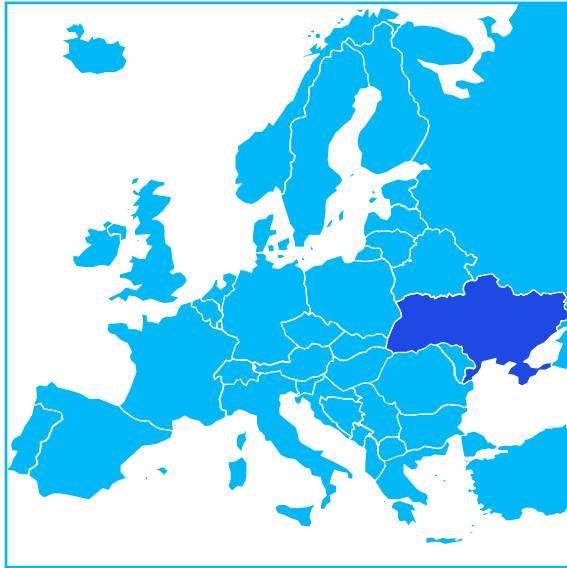




# Recovery and Reconstruction of Ukraine (Discussion Paper)



# Highlight of Ukraine



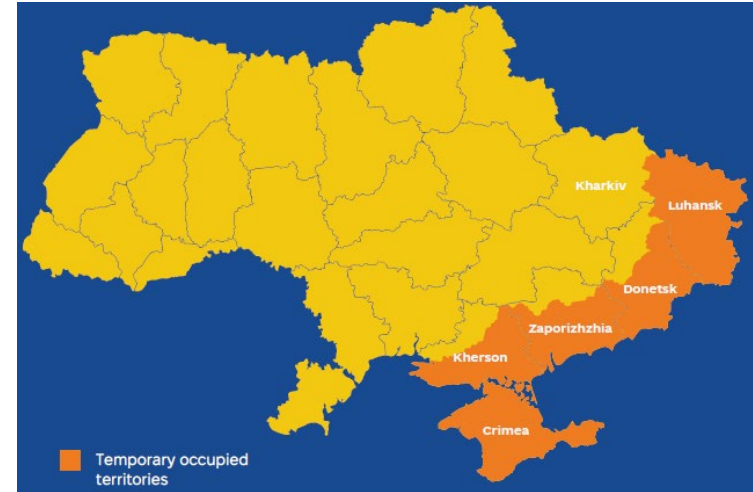
Areas :

**604K km<sup>2</sup>** (1.6 times of Japan)

- mostly of fertile steppes
- 4 rivers flowing into Black Sea and Azov Sea including Danube River
- Rich Mineral Resources

Population:

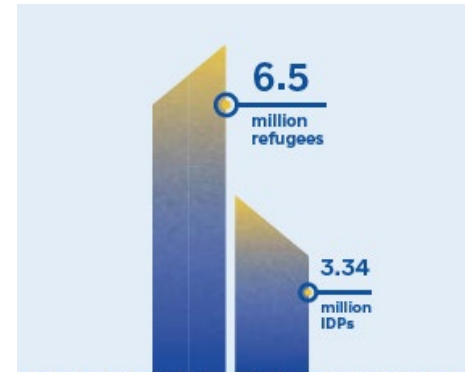
**41.6 mil**(before the war)



Around 20% of the territory is occupied by Russia

## Major Cities

City	Region	Population(as of 1 Jan.2022)
Kyiv	Kyiv(City)	2,952K
Kharkiv	Kharkiv	1,421K
Odesa	Odesa	1,010K
Dnipro	Dnipropetrovsk	968K
Donetsk	Donetsk	901K




6.5 mi. Refugees and 3.4 mil. IDPs(Internally Displaced Persons as of Mar, 2024)

(Source: Ministry of Economy of Ukraine, Investment Guide Ukraine)

# Highlight of Ukraine

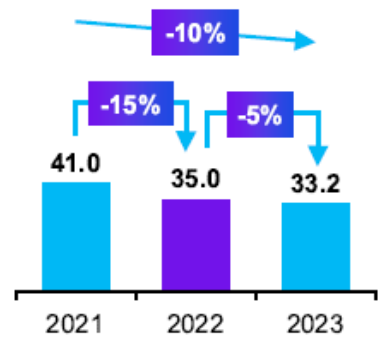
## Ukraine at a glance



*Illustration as of 1 July 2024*

<b>Capital</b>	Kyiv
<b>Currency</b>	UAH
<b>Exchange rate EUR/UAH, 1 July 2024</b>	43.30
<b>Interest rate, July 2024</b>	13.0%
<b>GDP in current prices 2023</b>	165.3 EUR billion
<b>GDP per capita 2023</b>	4.9 EUR thousand
<b>Country risk premium, Jan. 2024</b>	17.55%

### Population (in million)



### Unemployment rate (in %)



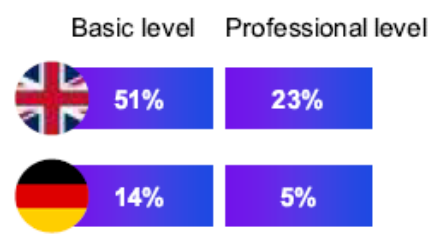
### Urbanization rate 2023



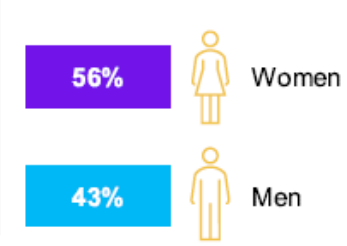
### Ranking Human Development Index 2022



### Language knowledge 2022 (% of population)



### Higher education 2020 (% of population)



(Source: KPMG in Germany and AHK Ukraine 2024)

# Highlight of Ukraine

(Source: Ministry of Economy of Ukraine, Investment Guide Ukraine)

## Logistics :

- European Transport Network (TEN-T) development: Transportation from Ukraine to most major Europe destinations within 2 days
- Before war, 60% of foreign trade shipments were conducted through deepwater seaports.
- The maritime blockade by Russia significantly risked undermining Ukraine's export capabilities, grain shipments are now nearing prewar levels



TRANSPORTATION FROM UKRAINE BY ROAD TO MOST MAJOR DESTINATIONS IN EUROPE



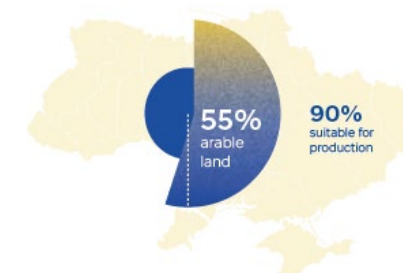
## Mineral Resources :

- Ukraine ranks 25th mineral extractor in the world
- A most well developed ferrous metallurgy thanks to its unique raw material base of iron and manganese ores.
- 117 mineral resources out of 120 most common ones
- 8,800 industrial deposits

	Share	Ranking
Titanium	5.7%	5 <sup>th</sup>
Iron ore	3.3%	6 <sup>th</sup>
Manganese	3.2%	7 <sup>th</sup>
Zirconium	2.0%	10 <sup>th</sup>
graphite & uranium	1.0%	-

## Agriculture:

- Big grain producer called “Breadbasket of Europe,”
- The second largest producer of sunflower products
- over 55% is arable land, with 90% suitable for agricultural production.



## Economy IN 2022-2023

	2022	2023
GDP Growth	-28.8%	+5.3%
Trade Balance	-25.7%	-37.4%
Inflation rate	26.6%	5.1%

## FDI in 2023

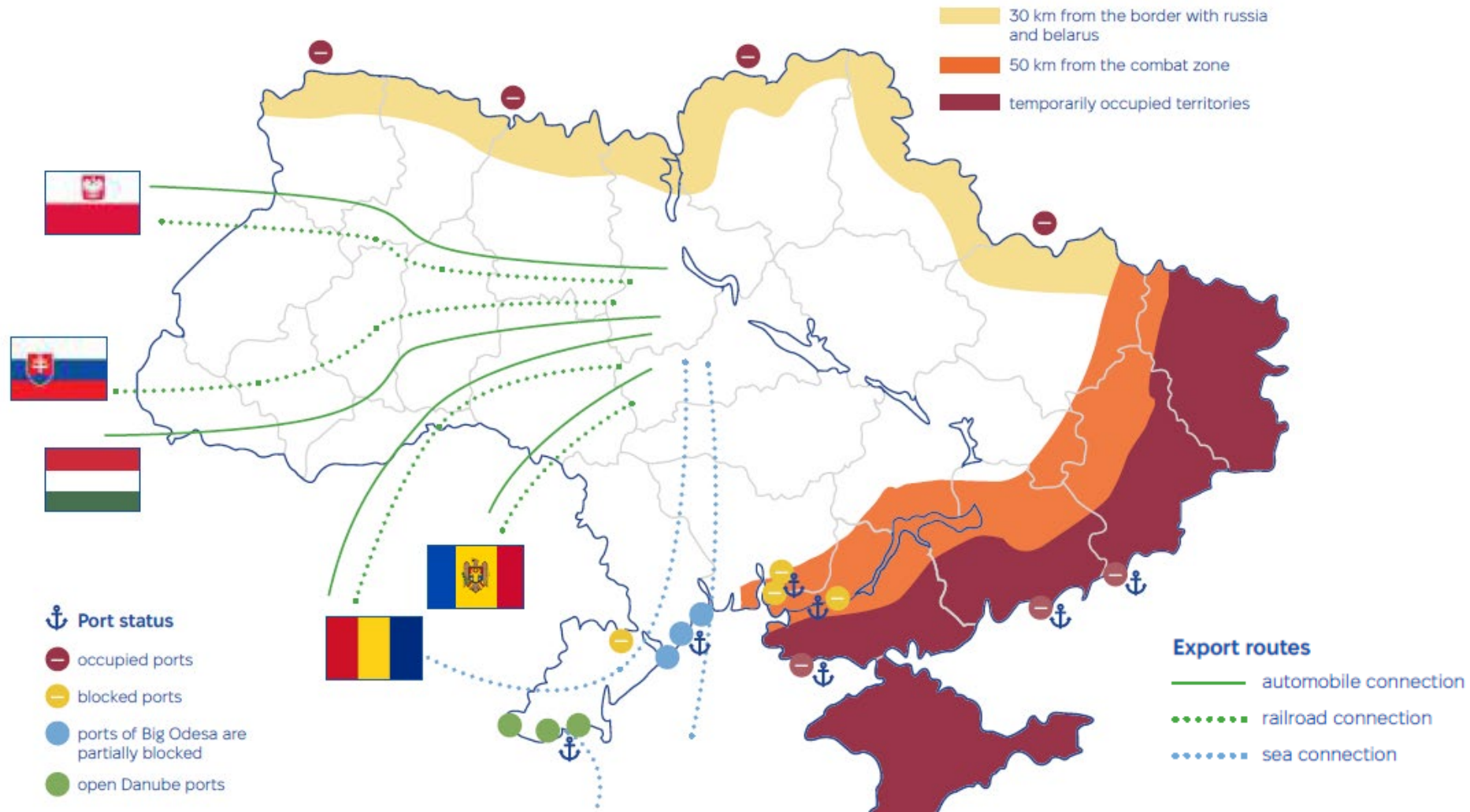


(Examples)

- Laude (PL): 100 mil
- Bayer(DE): 60 mil
- Unilever(US): 20 mil
- ArcelorMittal(LX): 40 mil
- Kingspan(CH): 280 mil.
- Nestle(CH); 42mil

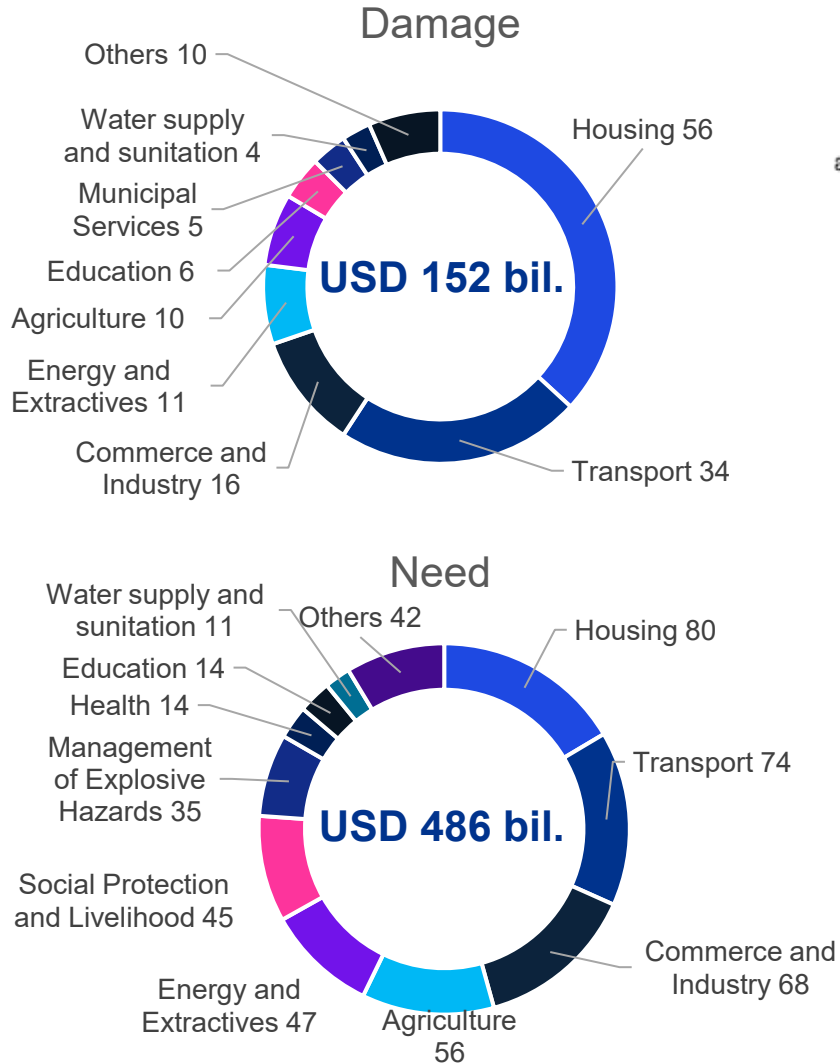


# Transport network of Ukraine: main export routes

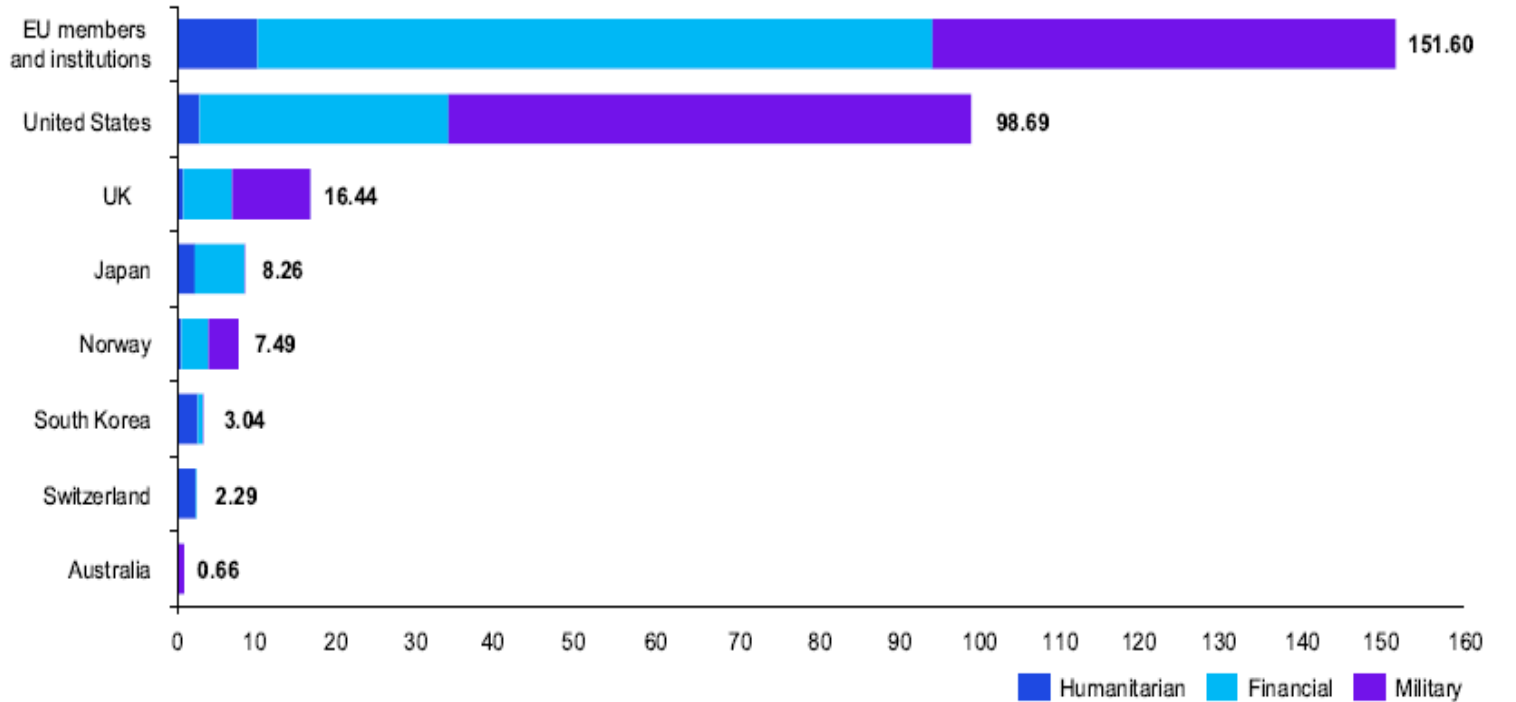


(Source: Ministry of Economy of Ukraine, Investment Guide Ukraine)

# Damage and Need Assessment and Bilateral Aid in RDN 3



## Bilateral Aid: government Commitment (in EUR Billion, as of 30<sup>th</sup> April 2024)



### Major supporters in EU (in EUR Billion)

Germany: 23.06, Netherlands: 10.81, Denmark: 9.36, France: 6.81  
 Poland: 4.33, Sweden: 3.54, Belgium: 2.22, Italy: 1.73, Spain: 1.16,  
 Austria: 0.83

# A range of funds from international institutions is already available for Ukraine's reconstruction(1/2)

Funding Program	Available Amount (EUR mil.)	Type of Funding	Funding Institutions
Ukraine Facility	50,000	Financial instrument to support Ukraine's recovery, reconstruction and modernization	European Commission
The SME Resilience Alliance	7,000	Support for ongoing and new projects of SMEs in Ukraine to foster the small business ecosystem	31 members of SME Resilience Alliance
Ukraine Agriculture Recovery Inclusive Support Emergency (ARISE) Project	508.2	Supporting access to finance for farms through affordable credit, as well as for small farms through grants	The World Bank
Better Future Program	367.5	Financial guarantees to support private investments in Ukraine's reconstruction efforts	European Commission
Ukrainian Business Development Fund	50	Provision of interest rate subsidies to Ukrainian businesses, enabling them to access financing	Kreditanstalt für Wiederaufbau (KW)
USAID Competitive Economy Program in Ukraine (CEP)	38.8	Support to startups, small and medium sized enterprises (SMEs), competitive industries on Ukrainian and international markets	USAID through Chemonics

(Source: KPMG in Germany and AHK Ukraine 2024)

# A range of funds from international institutions is already available for Ukraine's reconstruction(2/2)

Funding Program	Available Amount (EUR mil.)	Type of Funding	Funding Institutions
Financial Inclusion Recovery Program for Ukraine	30	Investment grants via the European Bank for Reconstruction and Development of increase access to financial and boost production capacity of SMEs in Ukraine	European Commission
EU for Ukraine Fund (EU4U Fund)	25	Facilitate development of both public and private sector projects for the reconstruction of critical municipal infrastructure and improves access to finance for entrepreneurs	European Investment Bank (EIB)
EU4Business	1	Financing for 100 Ukrainian micro, small, and medium-sized enterprises with export capabilities and innovation potential. Each company may receive up to 10 thousand	European Union, German Development Cooperation (GIZ)
State Program 'eRobota'	Grant Amount up to EUR 190.9 thousand (Upper limit depends on the business field)	Grants for business, processing, enterprises, gardening etc. The upper limit of funding depends on business field	The Government of Ukraine
Brave 1	Grant amount up to EUR 47,7 thousand	Support for defense tech developments and technologies	Support cluster 'Defense Tech'
Individual financial assistance to support microbusiness initiatives	Average amount of financing assistance at EUR 2.4 thousand	Financial assistance for microbusiness	Mercy Corps

(Source: KPMG in Germany and AHK Ukraine 2024)



# Interest of Japanese companies in recovery and reconstruction business in Ukraine

Following % of Japanese companies by sector are interested in recovery and reconstruction business in Ukraine

Sector	%
Plastic products	70.0%
Rubber products	66.7%
Electric Appliance/electronics equipment	60.0%
Construction/Plant/Engineering	70.0%
Transportation/Warehouses	61.7%
Banking	61.1%
All Sector	48.3%

Areas interested in to do business in Ukraine for recovery and reconstruction (n-194)

Area	
Infrastructure	28
Trade and Sales	27
Road and Transportation	25
Service	21
Residents, Building, Construction	19

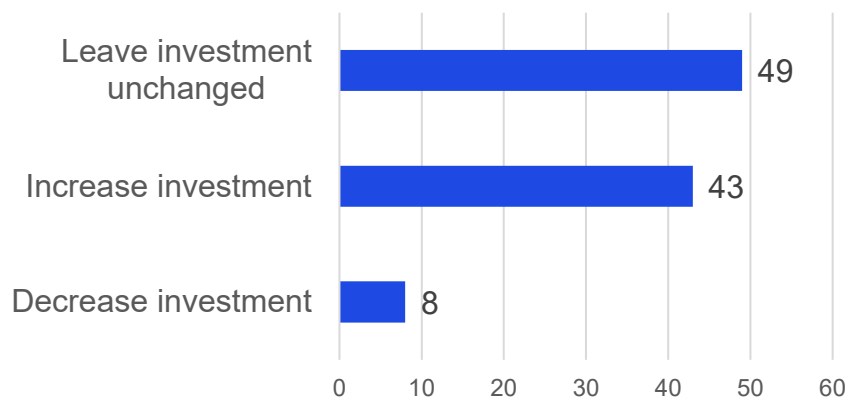
Challenges in business in Ukraine (n-194)

Area	
information	33
Safety and risk management	25
Infrastructure and transportation	16

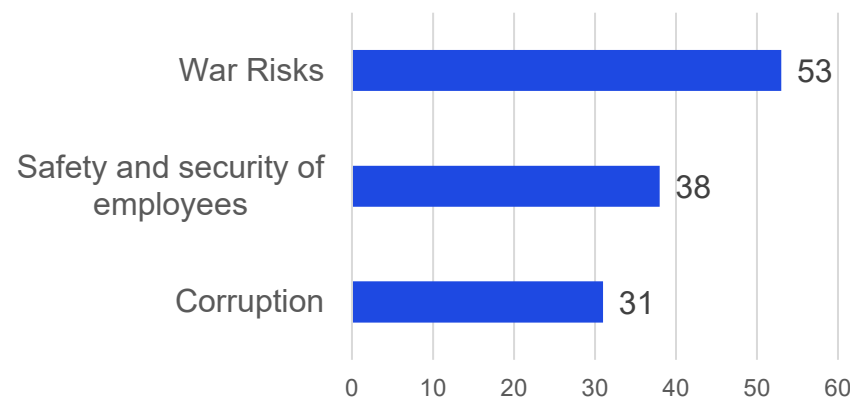
(Source) Research of Jetro held in December 2023 aiming at Japanese subsidiaries in Europe

# Interest of German companies in recovery and reconstruction business in Ukraine(1/2)

Investment plan despite on-going war



Challenges in Ukraine



Opportunities in Ukraine



Most important enablers supporting business entity in Ukraine



(Source: KPMG in Germany and AHK Ukraine 2024)

# Interest of German companies in recovery and reconstruction business in Ukraine(2/2)

Current and planned business activities of the companies surveyed



(Source: KPMG in Germany and AHK Ukraine 2024)

# Housing, Reconstruction and Building Materials

Reconstruction and Recovery  
Needs for 10 years in from 2024

in Housing

**USD 80.3 billion**

in water supply and sanitation service

**USD 11.1 billion**

in municipal services

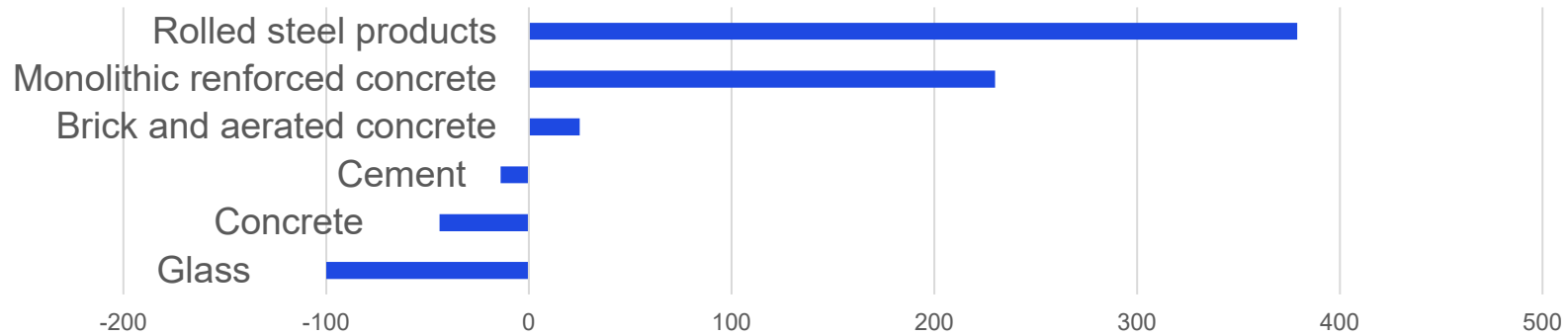
**USD 11.4 billion**

- **Residential and nonresidential construction works in the total volume of construction production and services are 13.7% and 25.6%, respectively.**
- **60% of the total construction cost (depending on the complexity and type of the object) is related to the cost of construction materials**
- **15% of building materials producers have suffered varying degrees of damage.**
- **Restoration of these enterprises in the war is complicated, and the following are among the main reasons:**
  - **possible shortage of electricity supply**
  - **expensive loans**
  - **shortage of personnel**

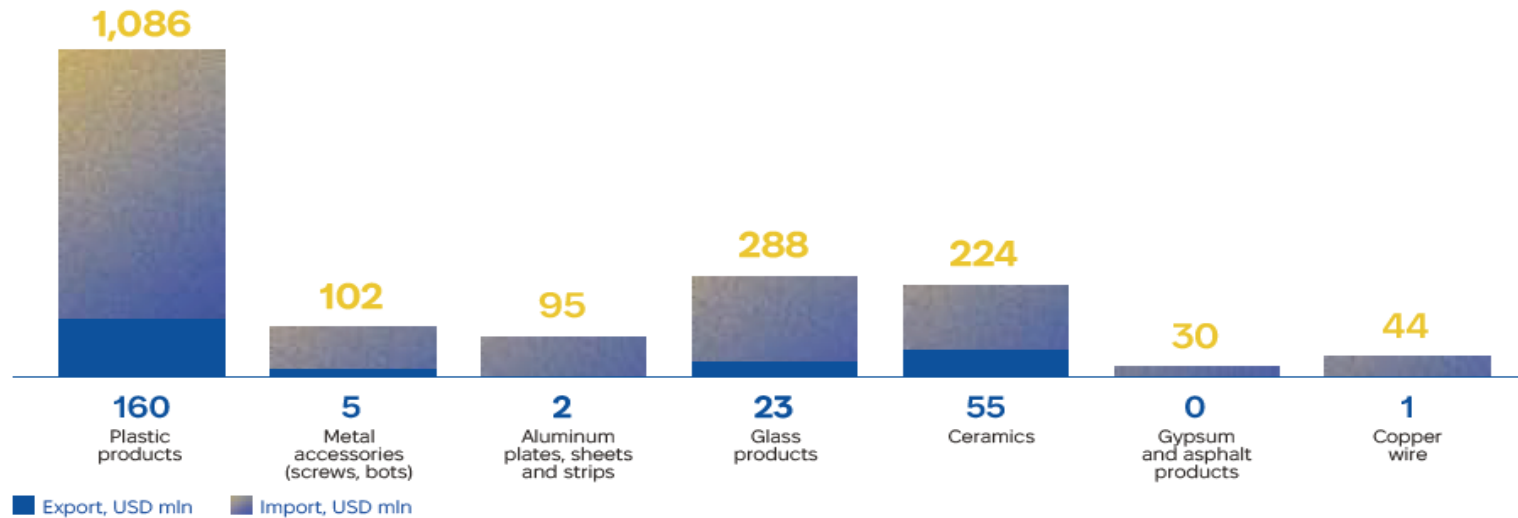
(Source: Ministry of Economy of Ukraine, Investment Guide Ukraine)

# Construction Materials

The balance of domestic demand and supply for building material



Trade balance of building materials, USD million, 2023



Ukraine is relying on import for construction materials especially;

- Plastics and polymers (including construction products made of plastic, pipes, baths, showers, silicone, and other building products),
- metal fasteners (screws, bolts, nuts, etc.)
- glass products (excluding glass containers)
- ceramic products (including bricks),
- gypsum products
- asphalt

(Source: Ministry of Economy of Ukraine, Investment Guide Ukraine)





# Thank you



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