

Comparative Analysis of Financial Tools for Investors in Ukrainian Business

June 2024

This report was prepared by Norwegian-Ukrainian Chamber of Commerce,
in collaboration with BDO in Ukraine

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Attracting investment and support for projects in Ukraine, especially in challenging economic environments, requires navigating a complex legislative, economic, and cultural landscape. Both Ukrainian and Norwegian businesses face unique hurdles when seeking financial backing. To address these challenges, the [Norwegian-Ukrainian Chamber of Commerce](#), in collaboration with [BDO in Ukraine](#), has conducted a comprehensive analysis of the financial instruments available to companies in the Scandinavian countries, Ukraine, and Germany, as well as the programs offered by International Financial Organizations.

This report provides an in-depth comparative analysis of various financial support mechanisms, showcasing the resources and opportunities available to Norwegian and Ukrainian businesses. On a business level, the study highlights key financial instruments, detailing the support they offer and the conditions under which they are available. On a strategic level, the analysis highlights the importance of these tools in fostering cross-border investments and collaborations.

The objective is to guide companies through the intricate process of securing funding and insuring war and political risks by displaying the options at their disposal. Businesses equipped with this knowledge can navigate the complexities of international finance more effectively, securing the necessary support to achieve their investment objectives.



Financial Tools for Investors in Ukrainian Business from Various State Actors and International Organizations

EU “Ukraine Facility Framework” Pillar II





6,97 billion EURO – Investment fund

Thanks to the risk-sharing mechanisms, EU national development banks can apply for instruments under the second pillar to mobilise investments. European Commission, with national development banks, is now investigating the possible instruments and their terms for supporting Ukraine's rebuilding efforts via long-term **investment loans secured with Ukraine Facility Guarantee** (the terms of the investment are still to be announced by the EC). In this regard, two potential financial instruments may be available:

I. Direct loans for investment projects for both European and Ukrainian private partners with the following characteristics:

1. Equity: minimum 30% of the total project costs (max 70% of debt financing)
2. Size of the project: minimum EUR 5 mln, maximum not determined yet
3. Currency: EUR (the loan has to be denominated and repaid in EUR)
4. Tenor: to be determined, possibly financing up to 10+ years.

II. Intermediated financing through local Ukrainian banks

1. Limits risks for creation and support of local market
2. Easily implementable in the prolonged war scenario
3. Indirectly, it can support European businesses with tailor-made solutions for specific sectors of the Ukrainian economy.

In Nordic countries, potential Institutions that will receive a guarantee under the second Pillar can be the Nordic Investment Bank, Nordic Investment Fund, Norfund, Swedfund, IFU and others.

Ukraine's facility

Pillar 1 Support to Ukraine's Plan

- ▶ **EU support to Ukraine's Plan** through grants and loans to the State budget, to:
 - address the **urgent financial needs of the State** to maintain macro-financial stability
 - promote investments that foster **recovery, reconstruction and modernisation** (with tracking for green, local)
 - encourage reforms needed for **EU accession**

Pillar 2 Ukraine Investment's Framework

- ▶ **De-risking mechanism** available to **investors** through International Financial Institutions to scale up investments and crowd in new investors
- ▶ **Support to the Ukrainian private sector** (at least 15% to SMEs)
- ▶ **Technical assistance** to support preparation and implementation of investments
- ▶ **25% time-bound exclusivity period** for EIB

Pillar 3 Assistance programmes

- ▶ **Technical assistance** to the **Government** (EU acquis, structural reforms)
- ▶ **Capacity building of the authorities** at national, regional and local level
- ▶ **Support to civil society**
- ▶ Coverage of **interest rate subsidies** for loans, including legacy MFA and provisioning

- *In partnership with States & European Financial Institutions (Team Europe), and other International Financial Institutions*
- *In coordination with the Multi-Agency Donor Coordination Platform*
- *Key stakeholders: Civil Society, Private Sector, Local authorities*

Denmark



Denmark Financial Tools for Investors in Ukrainian Business 1 / 3

EIFO – Export and Investment Fund of Denmark provides significant incentives and risk coverage to local exporters to Ukraine.



The framework activity:

- ▶ EUR 550 million through EIFO. Half of the framework is allocated to de-risking trade and investment with private Ukrainian buyers, while the other half targets public Ukrainian buyers. (50% to private projects, 50% to public buyers)
- ▶ Export loans (8,5-9 % interest rate, Based on loans from the National Bank of Denmark + OECD tariff, Guarantee to Danish bank — 100% risk coverage)
- ▶ Supplier credit guarantee — Danish exporters give credit for 1-3 years (For small suppliers, <EUR 1 mln, 100 % risk coverage if no pay)
- ▶ Project Finance Guarantee (30% of export to Denmark)

Denmark Financial Tools for Investors in Ukrainian Business 2/3

IFU – Danish Investment Fund for Developing Countries

The Danish government has established a new fund for Ukraine to increase support and assist Ukraine in managing the consequences of the Russian invasion. The government proposes that DKK 170 mln out of the fund is earmarked for **IFU** to contribute to supporting the Ukrainian private sector and rebuilding Ukraine's infrastructure.



The framework activity:

- ▶ Issues loans to businesses with production in Ukraine – EUR 15 mln
- ▶ Equity Investments (10-30 per cent stake of the total investment, in small projects IFU can take up to 49 per cent)
- ▶ Financing for Project Development (50% of the development costs up to a maximum of 5 mln per project)
- ▶ Grants for project companies (the maximum financial support for a single project is DKK 1.5 mln, with DKK 750,000 for the start-up phase and the implementation phase, respectively)
- ▶ DSIF – Danida Sustainable Infrastructure Finance – DKK 60 mln of the new funds will be allocated to DSIF, which is managed by IFU. DSIF already has several projects in Ukraine, and has contributed to the financing of 20 boilers to help rebuild a destroyed district heating plant to deliver heating and hot water for 250,000 people in central Ukraine. DSIF has additional activities in the pipeline to rebuild infrastructure in Ukraine together with Nordic and European partners.

Denmark Financial Tools for Investors in Ukrainian Business 3/3

October 2023

Danish support for Mykolaiv

The following support to reconstruction to Mykolaiv City and Oblast have been granted since February 2022 till now:

Denmark provides an outstanding support example by cooperating with one of the most damaged regions, Mykolaiv.



Business Recovery

The city and region of Mykolaiv need support in restarting its economy in order to restore jobs, pay taxes and offer displaced people an opportunity to return home.

Denmark opens new embassy office in Mykolaiv

On January 26th, Danish Foreign Minister Lars Løkke Rasmussen's visited Mykolaiv and officially opened Denmark's new embassy office in the city.

DANISH SUPPORT TO MYKOLAIV		
PARTNER	ACTIVITY	BUDGET
Danida Sustainable Infrastructure Finance	Rehabilitation of water supply with a specific focus on resource efficiency.	EUR 8 MILLION
Danish Red Cross	Support for emergency aid and equipment for the water and heating supply.	EUR 2.3 MILLION.
Danish Refugee Council	Support for the reconstruction of buildings and equipment for water and heating supply.	EUR 3.4 MILLION
Danish Refugee Council	Equipment for water and heating supply.	EUR 3.4 MILLION
European Bank for Reconstruction and Development	Support for emergency repairs.	EUR 2 MILLION
European Bank for Reconstruction and Development	Support of the essential water infrastructure.	EUR 10 MILLION
International Organisation for Migration	Support to the electricity and heating supply.	EUR 3.5 MILLION
International Organisation for Migration	Rehabilitation of social infrastructure, water, sanitation, and heating facilities, and local self-sustenance grants.	EUR 4.7 MILLION
United Nations Development Programme	Support for the reconstruction of buildings and the electricity supply.	EUR 2 MILLION
United Nations Development Programme	Establishment of Mykolaiv Recovery Office, support to community resilience, civil society engagement, and vocational education and training.	EUR 4.7 MILLION
United Nations Office for Project Services	Support for emergency, electricity and heating supply.	EUR 17.8 MILLION*
United Nations Office for Project Services	Rehabilitation of social infrastructure, including micro-districts, schools, and bomb-shelters.	EUR 13.5 MILLION
COWI	Technical assistance - coordination unit / clearing house for Danish reconstruction support to Mykolaiv.	EUR 270,000
IN TOTAL APPROX. EUR 75.5 MILLION TO MYKOLAIV		

* Includes activities with national focus

Sweden



Sweden Financial Tools for Investors in Ukrainian Business 1/6

EKN – Exportkreditnämnden is an authority that promotes Swedish exports



The framework activity:

- ▶ An export credit guarantee covers up to 70 per cent of the guaranteed commitments.
- ▶ Applicants within the same corporate group can be granted export credit guarantees up to SEK 100 mln.
- ▶ Special export guarantees for export classified as aid to Ukraine:
 - Minimum premiums
 - Grants coverage with the state budget.
- ▶ Export credit guarantees are available to cover losses in export transactions with goods to Ukraine and non-payment risk against Ukrainian banks.
- ▶ Special guarantee fund for credit guarantees for Ukraine (2024-2026):
 - SEK 300 mln per year in grants 1:1 within expenditure area "International aid"
 - SEK 33 mln for grant 2:3 export promotion activities within expenditure area "Business".

Sweden Financial Tools for Investors in Ukrainian Business 2/6

Special export credit guarantee for Ukraine

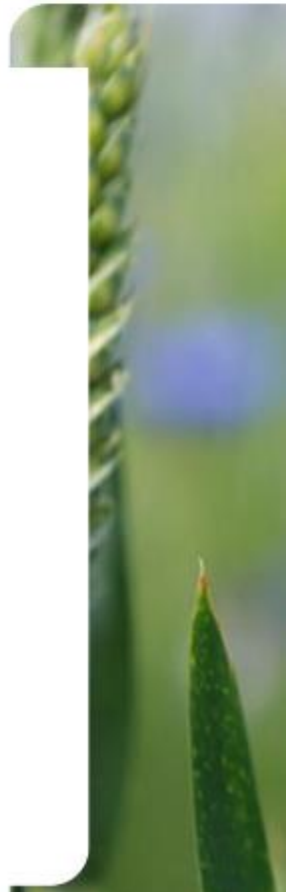
- ▶ On 29th February, the Government adopted a regulation on special export credit guarantees for Ukraine. This enables exporting businesses to apply for export credit guarantees from the Swedish Export Credit Agency.
- ▶ The guarantees will apply to exports to Ukraine that can contribute to its development and welfare.
- ▶ The premium for the export guarantee will not reflect risk, which is otherwise a requirement according to EKN's regulation.
- ▶ The statutory limit is proposed at SEK 333 million.



Guarantees Countries About EKN

Frequently asked questions about the new Ukraine Facility

Here we collect the most frequently asked questions about our guarantee regulation on export credit guarantees to Ukraine, the "Ukraine Facility".



Sweden Financial Tools for Investors in Ukrainian Business 3/6

Swedfund – Development Finance Institution of the Swedish state with a mission to combat poverty by investing in and developing sustainable businesses in the world's most challenging markets.

Swedfund, a Swedish development finance institution, and Naftogaz, Ukraine's state-owned energy company, have joined forces to modernise Ukraine's energy infrastructure.

This Memorandum of Understanding (MOU) focuses on two key areas:

- **Revamping Combined Heat and Power Plants (CHPs):** The plan is to upgrade these facilities to reduce energy loss and emissions, making them more reliable and efficient.
- **Developing Renewable Energy:** Swedfund will support projects like wind power to help Ukraine move away from natural gas for power generation.

This collaboration builds on Swedfund's existing support for Ukraine in various sectors, including water, sanitation, and digitalisation.



PRESS RELEASE - 29 APRIL 2023 06:19

Swedfund invests USD 15 million into Horizon Capital Growth Fund IV to back leading high-growth tech and export-oriented companies in Ukraine and Moldova

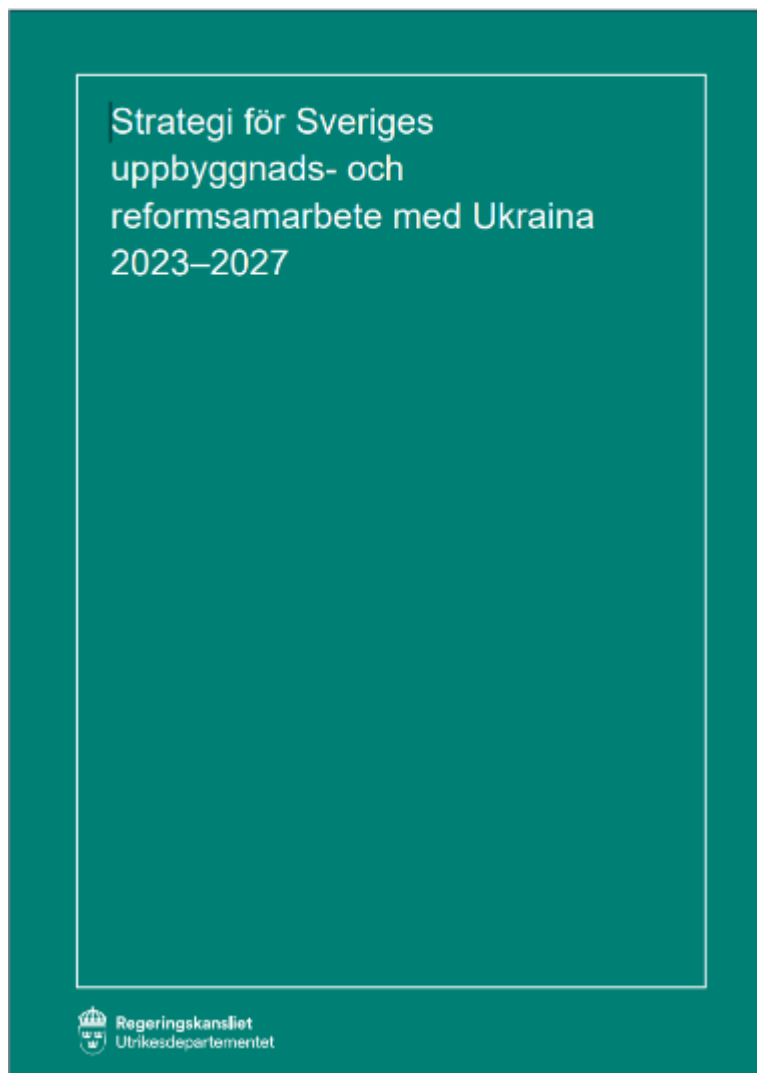
Press release from [Ministry for Foreign Affairs](#)

Government proposes SEK 300 million to Swedfund to invest in Ukraine

Published 12 April 2024

Increased investment and a sustainable business sector are crucial to support the reconstruction of Ukraine. In the 2024 Spring Amending Budget, the Government therefore proposes a capital injection of SEK 300 million to Swedfund to increase investment in Ukraine.

Sweden Financial Tools for Investors in Ukrainian Business 4/6



Strategies for international assistance from [the Ministry for Foreign Affairs](#)

Strategy for Sweden's reconstruction and reform cooperation with Ukraine 2023–2027

Published 17 July 2023

This strategy forms part of Sweden's overall development assistance and foreign policy and will contribute to Ukraine's reconstruction and reform work during the period from 13 July 2023 to 31 December 2027. The strategy comprises a total of SEK 6 billion.

Sweden Financial Tools for Investors in Ukrainian Business 5/6

Business Sweden is jointly owned by the Swedish state and the Swedish business sector with a mandate and a mission to help international companies gain access to the Swedish market and help domestic ones utilise it as a platform for expansion.



The framework activities:

- ▶ The aim is to promote trade and investments that will contribute to the reconstruction of Ukraine.
- ▶ Opens office in Kyiv.
- ▶ A local employee works on-site in Ukraine, and a senior Swedish country manager is in Sweden.
- ▶ The new office is handling incoming inquiries from Swedish companies and monitoring the development of the war, overview trade barriers, relevant stakeholders, and ongoing activities, and possess knowledge about business opportunities that will be important for Swedish companies during relief efforts and the upcoming reconstruction of the country.

Sweden Financial Tools for Investors in Ukrainian Business 6/6

- ▶ Institutions like the **Swedish International Development Cooperation Agency (SIDA)** and **Swedish Export Credit Corporation (SEK)** a state-owned company that finances Swedish exporters, their subcontractor, and foreign customers are also very active in Ukraine.
- ▶ The **Swedish Government** has also decided to open a trade commissioner's office in Kyiv and will appoint a new trade commissioner in Ukraine.
- ▶ Business dialog is also being facilitated through the private **Swedish-Ukrainian Chamber of Commerce in Scandinavia**.



Finland



Finland Financial Tools for Investors in Ukrainian Business 1/7

The plan focuses particularly on financing and advisory services relevant for Finnish companies needed to enable them to participate in this reconstruction project with an extremely large scale in terms of the required financing and time span. International companies can influence economic development in Ukraine.

The plan describes the needs and international organization of reconstruction in Ukraine, proposes financing solutions for Finnish companies' market surveys, and searches for partners, export financing, and investments. The plan additionally describes advisory services companies can obtain from organizations in the Team Finland network and other business actors.

The second part of the plan, which will be prepared in 2024, will have a broader focus on the participation of Finland's central government and various stakeholders in the reconstruction and the use of Finland's development cooperation funds in Ukraine.



Finland financial Tools for Investors in Ukrainian Business 2/7

Business Finland is Finland's official government agency for trade and investment promotion



The framework activities:

- ▶ Business Finland advises companies on market entry, provides information on market opportunities and business practices in Ukraine, and offers insights into Business Finland's, the European Union's, and other international financing opportunities. The networks of Business Finland's program and ecosystem activities also identify collaboration opportunities in Ukraine.
- ▶ Companies can access the practical funding search facility, Development Aid Tool. They can also participate in Business Finland's organised business group and Team Finland visits, receive assistance from the Enterprise Europe Network's partner search, and find consultants through the Expert Search service.
- ▶ Market Explorer grant: may cover 50 % (SME) or 40 % (large companies) of max EUR 80,000 project costs.
- ▶ Group Market Explorer: 4-10 companies, EUR 2.500 — EUR 20.000 per company.
- ▶ Exhibition Explorer: Supports companies' participation in international B2B trade exhibitions abroad (max EUR 35,000 per trade fair, min EUR 1,000 per company. For SMEs and midcaps with turnover less than EUR 300 million).

Finland Financial Tools for Investors in Ukrainian Business 3/7

FinnPartnership promotes business between Finland and the developing markets.



It provides Business Partnership Support for projects in Ukraine in accordance with normal application procedures. Finnpartnership helps to share the risks at the early stages of a business. Under the Global Gateway campaign, Finnpartnership can also help the Finnish companies it supports to connect with donors.

The framework activities:

- ▶ Business partnership support: Finnish companies may get State aid covering up to 85% of the costs for projects in Ukraine aimed at long-term business partnerships or commercial pilot projects with ODA-eligible organizations, ranging from EUR 15,000 to EUR 400,000 or the support is within the scope of EU de minimis regulation.
- ▶ Investment preparation support: available for Finnish companies preparing investments in Ukraine's public sector, potentially funded by Finland, Ukraine, a third country, or an international institution.
- ▶ Matchmaking services.

Finland Financial Tools for Investors in Ukrainian Business 4/7

ELY Centres are the regional bodies responsible for promoting economic development.



The framework activities:

- ▶ Finnish SMEs can apply for a business development grant:
- ▶ Develop new or enhanced products, services, or production methods, boost internationalization efforts, or explore new markets and business opportunities.
- ▶ Receive funding for up to 50% of the eligible costs, with the average project size ranging from EUR 50,000 to EUR 100,000.

Finland Financial Tools for Investors in Ukrainian Business 5/7

Finnvera finances various stages of business with loans, guarantees and export credit guarantees.



Finnvera has been involved in preparing the reconstruction plans for Ukraine, as Finnvera's export credit guarantees will play an important role in financing Finnish companies, the exports of which will be part of the reconstruction process. The Government's proposal includes permitting the Ministry of Economic Affairs and Employment to provide Finnvera with up to EUR 50 million in compensation for the credit losses sustained in connection with export credit guarantees for promoting exports and investments to Ukraine. Finnvera is the only actor in Finland that can finance companies desiring to engage in short-term trade in Ukraine.

The framework activities:

- ▶ Short-term credit insurance: 90% of payment risk is due to commercial and political risks, a credit period of 30-180 days, individual transactions, or continuous trade.
- ▶ Letters of Credit for export payment transactions: Payment risks are transferred to the exporter's and the buyer's banks, covering 100% of commercial and political risks to the confirming bank, and the short risk period is up to a year.
- ▶ Buyer's credit guarantee in financing arrangement covers 95-100 % of commercial and political risks.
- ▶ Finnvera assesses the feasibility of providing investment guarantees for war and insurrection risks, currency transfer, and actions of the government.
- ▶ Export credit guarantees pricing will be in accordance with the country classification 7/7 (very high risks).

Finland Financial Tools for Investors in Ukrainian Business 6/7



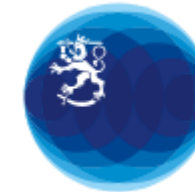
Finnfund - a Finnish development financier and an impact investor.

The framework activities:

- ▶ Looking for investment opportunities in Ukraine in which Finnish companies could create added value.
- ▶ Providing commercial financing for profitable business concepts.
- ▶ Investment ranges from EUR 0.5 million to EUR 25 million as a minority stakeholder.
- ▶ The Fund's administration plans to compensate pledge covering up to 80% of losses under EUR 20 million.
- ▶ Finnfund's USD 15 million investment in Horizon Capital Growth Fund IV provided growth equity capital to Ukrainian technology and export-oriented companies in Ukraine and Moldova in 2023.

Finland Financial Tools for Investors in Ukrainian Business 7/7

Ministry of Foreign Affairs of Finland provides financing for turn-key solutions, with at least 1/3 of its value being produced in Finland.



Ministry for Foreign
Affairs of Finland

The framework activities:

- ▶ Organized by Ukrainian authorities;
- ▶ Loan guaranteed by Finnvera, given by a commercial bank to UMFA with a grant from FMFA to cover part of the transaction and loan interest to the UMFA in full;
- ▶ Total grant rate is 35%;
- ▶ The transaction amount is between EUR 10-20 million.

Norway



Norway Financial Tools for Investors in Ukrainian Business 1 / 3

Eksfin - Export Finance Norway



The framework activities:

- ▶ Provides loans covering 85% of the contract value, without requiring a bank as a co-lender.
- ▶ Has set aside a special loan loss provision of NOK 126 million for Ukraine.
- ▶ Maximum exposure in Ukraine is NOK 630 million (20% of the Guarantee Scheme under the Developing Country program).
- ▶ Provides Export loans within the OECD framework, with interest rates ranging from 8.5% to 9% and a maximum duration of 15 years (extendable to 22 years for renewable projects), plus an optional two-year grace period.
- ▶ Can cover 100% of the commercial risk under the Guarantee Scheme under the Developing Country program, if the risk is acceptable.
- ▶ Ensures 100% coverage of the political risk, in accordance with standard terms.

Norway Financial Tools for Investors in Ukrainian Business 2/3

NORAD - Norwegian Agency for Development Cooperation



Norwegian Ministry
of Foreign Affairs



The framework activities:

- ▶ The Nansen program, a Norwegian initiative, provides material aid to Ukraine, totaling NOK 75 billion over five years (2023-2027). This funding is divided between the civilian and military aid, with the exact distribution adjusted annually, based on Ukraine's needs.
- ▶ In 2023, the program allocated NOK 19.9 billion: 8.9 billion for civilian and humanitarian aid and 11 billion for military aid. The program aims to help Ukraine defend itself, maintain social stability, and alleviate human suffering, while also supporting the country's reconstruction for a secure and independent future.
- ▶ Coordination is crucial, with NORAD overseeing civilian aid and ensuring alignment with Ukraine's government and international partners. This initiative responds to the Russian invasion of Ukraine, underscoring Norway's commitment to supporting Ukraine's sovereignty and defense.



Norway Financial Tools for Investors in Ukrainian Business 3/3

- ▶ Business dialogue on how Norwegian businesses can actively contribute to Ukraine's reconstruction has been primarily led by **NUCC**, including the representatives from Innovation Norway and **NHO** (Confederation of Norwegian Enterprise).
- ▶ **Innovation Norway** helps Norwegian companies to grow sustainably and to increase exports by providing access to competence, capital and networks.
- ▶ **The Confederation of Norwegian Enterprise (NHO)** is Norway's major organization for employers and the leading business lobby.
- ▶ **The Norwegian-Ukrainian Chamber of Commerce (NUCC)** is a non-profit, non-governmental organization established by and for Norwegian and Ukrainian companies. We work to stimulate commercial cooperation, strengthen relations and exchange information and experience between Norway and Ukraine.

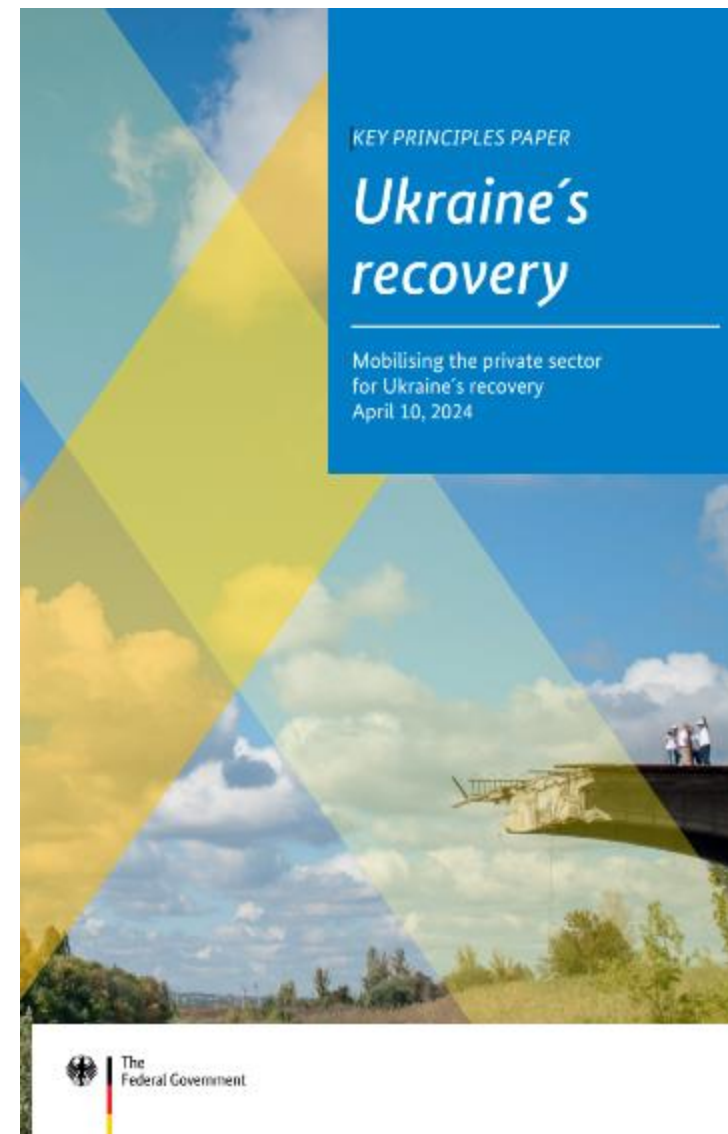


Germany



Germany Financial Tools for Investors in Ukrainian Business 1 / 5

- ▶ German government is implementing the 15 measures plan to foster greater private sector engagement in Ukraine's recovery.
- ▶ Germany is hosting the main event for the 2024 Ukraine Recovery Conference.



Germany Financial Tools for Investors in Ukrainian Business 2/5

Euler Hermes Aktiengesellschaft - German Export Credit Agency



The framework activities:

- ▶ Offers short-term loans for the following goods: 6 months (raw materials, semi-finished products, components, consumer goods, spare parts) and 12 months (high-value components, fertilizers and plant protection products, long-lasting goods).
- ▶ The maximum amount for project value is EUR 250 million.
- ▶ Export credit guarantees can range from 360 days to 15 years, depending on the project size and the shelf life of the goods supplied.

Germany Financial Tools for Investors in Ukrainian Business 3/5

NRW.Global Business GmbH - Trade and Investment Agency



Facilitates German companies' international market entry by:

- ▶ providing information on export financing and international expansion, including grant and loan application assistance;
- ▶ conducting market research, providing insights on trends, competition, and consumer behavior abroad;
- ▶ advising on international trade, market selection, legalities, and regulatory compliance;
- ▶ supporting international exhibition participation, trade missions, and B2B meetings with potential foreign partners;
- ▶ organizing networking events, seminars, and webinars to connect with international partners.

Germany Financial Tools for Investors in Ukrainian Business 4/5

Investitions Garantien

Offers a Supplier Credit Guarantee that protects against payment default, if:

- ▶ a foreign buyer becomes insolvent;
- ▶ the foreign buyer fails to make payment within 6 months (protracted default);
- ▶ the adverse measures are taken by foreign governments, or the warlike actions arise;
- ▶ local currency amounts are not converted or transferred;
- ▶ contract performance becomes impossible due to political circumstances.

INVESTMENT GUARANTEES OF THE
FEDERAL REPUBLIC OF GERMANY

▶ **Direct Investments Abroad**

Focus Ukraine

Germany Financial Tools for Investors in Ukrainian Business 5/5

- ▶ Institutions like **KFW** (German Development Bank) and **GIZ** fund are very active in Ukraine, assisting the private sector with grants, loans and capacity building.
- ▶ Business dialogue is also being facilitated through the **AHK** (German-Ukrainian Chamber of Commerce)



Comparison of export credit agencies' options for Ukraine

	Export Credit Agency	Fund for Ukraine, Max Exposure	Commercial risk	Political risk	Terms	Content requirements	Grants for public buyers	Development Finance Institution - DFI	Investment in companies	Investment Loans	Business Development Grant
Norway	Eksfin	EUR 55M	100%	100%	Short & Long	30%	No grant yet	Norfund	Nothing yet	Nothing yet	Nothing yet
Finland	Finnvera	EUR 250M	90% Short-term 95-100% Long-term	95-100% Long-term	Short & Long	27% private buyer 33% public buyer	35%	Finnfund	EUR 0.5-25M as a minority investor	Nothing yet	≤ 50% of EUR 50,000-100,000
Denmark	EIFO	EUR 550M	100%	100%	Short & Long	30%	40%	IFU	≤ EUR 47M as a minority investor	≤ EUR 670,000 per project, but max 50 % of dev costs	≤ EUR 200,000 but max 50 % of costs and 25 % of tot investment
Sweden	EKN	EUR 30M	80%	90%	Short & Long	-	No grant yet	SWEDFUND	USD 15M in IT-sector	Nothing yet	Nothing yet
Germany	Investitions Garantien	No fund	100%	100%	Short & Long	-	No grant yet	KFW DEG	≤ USD 10M and share of <20%	From EUR 750,000 to EUR 5 mln.	Nothing yet

International Organizations



International financial institutions



EBRD - European Bank for Reconstruction and Development

- ▶ Loans for large projects usually start from EUR 3 million up to EUR 250 million with a fixed or floating rate. Denominated in major foreign or local currencies. Lending term is up to 15 years.
- ▶ Loans for small projects cannot be provided directly by the EBRD, but EBRD supports local commercial banks which provide loans to SMEs and municipalities.
- ▶ EBRD is a minority investor taking stakes of up to 35% and investing between EUR 10 million and EUR 200 million per investment.
- ▶ Provides guarantees to international commercial banks, thereby covering the political and commercial payment risk of transactions undertaken by partner banks in the EBRD regions.



MIGA - Multilateral Investment Guarantee Agency

- ▶ Provides political risk insurance guarantees and credit enhancement to private sector investors and lenders. MIGA's guarantees protect investments against the non-commercial risks and can help investors to obtain access to financing on improved terms and conditions.
- ▶ Offers guarantees for investments to small and medium-size enterprises involved in the sectors of finance, agribusiness, manufacturing, and services. Covers up to 90% of investments for equity and up to 95% for debt. Guarantees have a term from 3 up to 10 years.
- ▶ Provides guarantee coverage to private equity funds.

International funds (localized within Nordic countries), which have programs for Ukraine



NEFCO - Nordic Environment Finance Corporation

- ▶ Finances Nordic SMEs, the solutions of which have a positive impact on the environment or climate:
 - Loans and equity of up to EUR 5 million to Nordic SMEs and mid-caps for expansion and implementation of green investments on global markets;
 - Fast-track loan financing for Nordic SMEs' internationalization of up to EUR 500 thousand;
 - Loans blended with grants and soft loans to public sector projects in Eastern Europe.
- ▶ Provides support for grants and project through trust funds and financing programs.
- ▶ NEFCO Green Recovery Programme for Ukraine paves the way for a green and sustainable reconstruction. Through various initiatives, the programme provides financial support and technical assistance to municipalities in Ukraine.



NDC Partnership - Nationally Determined Contributions Partnership

- ▶ Provides technical assistance, expertise and funding to countries for climate action.
- ▶ Offers a platform for knowledge sharing and collaboration.
- ▶ Empowers SMEs through the SME Climate Hub and supports developing countries through the Partnership Action Fund. It plays a crucial role in helping countries, including Ukraine, achieve their climate goals.

Nordic Financial Institution, which may be applicable to get guarantees under EU-Ukraine Facility Second Pillar



NIB - Nordic Investment Bank

- ▶ NIB co-finances projects with other international financial institutions and public and private lenders.
- ▶ Lending to small and medium-sized enterprises is channelled through intermediary banks.
- ▶ NIB is a member of several networks, forums and associations that promote cooperation on sustainability and green finance.



NDF - Nordic Development Fund

- ▶ NDF is a joint multilateral development finance institution of Denmark, Finland, Iceland, Norway and Sweden.
- ▶ It has financed 190 development assistance credits valued at EUR 1 billion.
- ▶ The NDF provides grants to investments related to climate change under its new mandate, established in 2009.
- ▶ The objective of the Nordic Development Fund's (NDF) operations is to facilitate climate change investments in low-income countries.
- ▶ NDF grants are made in cooperation with bilateral and multilateral development institutions.
- ▶ The operations are financed from the development cooperation budgets of the five Nordic countries.

Summary



What can be done?

- ▶ **Increasing guarantees and coverage:** Increasing the financial limits on guarantees and expand the scope of risk coverage to include more extensive political and war risk insurance.
- ▶ **Establishing Impact Investment Funds:** Creating dedicated impact investment funds focused on Ukraine, targeting sectors with high social and environmental impact. Financing sustainable development projects in Ukraine and leveraging Norway's experience in this area may be beneficial both countries.
- ▶ **Establishing a Blended Finance Facility:** Leveraging innovative financial mechanisms, such as blended finance. This involves the strategic use of public and private funds to achieve developmental goals, mitigating investment risks and attracting more private capital. This facility could pool resources from various stakeholders, including the DFI, such as Norfund, the government, international financial institutions, private investors, and philanthropic organizations.
- ▶ **First-loss capital:** Offering first-loss capital to private investors to absorb initial losses, making investments more attractive.
- ▶ **Issuance of Development Impact Bonds (DIBs) and Social Impact Bonds (SIBs):** Rewarding investors to finance projects upfront, based on successful outcomes, finance social services in advance, and paying investors interest on successful achievement of goals.
- ▶ **National Ukraine Reconstruction Plan development:** To make national Ukraine Support programs aligned with various stakeholders' interests, the main principles may be outlined in the strategic document.
- ▶ **Using experience from other regions:** The Norwegian government and investors have utilised several innovative financial methods in other regions, demonstrating their effectiveness in mobilising private capital for projects in development.

Financial Tools for Investors in Ukrainian Business (available in Ukraine)

Financial instruments: Local funding

Ukrainian **financial market is poorly developed** due to the absence of long-term financial resources (almost no private pension funds and life-insurance companies as a basement for long-term assets). Derivatives are not in use due to **insufficient regulations**, so any local financial hedges (including currency risks) are limited, or unavailable and currency matching of assets and liabilities is usually a good strategy.

In Ukraine, **financial instruments** are available but with limited use:

- ▶ **Traditional Loans.** It's a primary financing option for businesses. Main currency is UAH; foreign currencies are available primarily for exporters who have currency-denominated revenue. Interest rates in UAH are relatively high (14-15% vs 4-5% in USD), but UAH-related risks in this case can be mitigated. Long-term lending is limited, so significant part of bank's portfolio is WC financing.
- ▶ **State-subsidized loans.** There is a state business support program "5-7-9" that compensates loan interest. As of May 2024, the total of "5-7-9" loan agreements has reached \$7.6 billion. Initially developed during the COVID-19 crisis, the program has also proven the effectiveness during the war. It is being focuses on supporting the eastern regions of Ukraine.
- ▶ **Factoring**
- ▶ **Guarantees**, including complex instruments with IFIs, foreign suppliers and other stakeholders. The ability to cover collateral from attracting bank guarantees from international organizations like EBRD (coverage up to 50%), MIGA (World Bank, until 2025) and state guarantee (coverage 50-80%).
- ▶ **International Financial Institutions (IFIs):** Funding from IFIs is generally available for substantial projects, government initiatives, and large corporations. SMEs typically lack direct access to these resources due to stricter requirements and significant transition costs. IFI loans have more favorable conditions than domestic bank loans but usually fund in foreign currencies. Another options - warranties from IFIs to cover part of required pledge for a company in traditional lending process in Ukrainian partner bank (such warranties are the part of Ukraine rebuild initiatives).
- ▶ **Financial Market:** Ukraine's stock market is illiquid, the bond market is dominated by governmental issues and number of bonds from banking sector, so Ukrainian financial market can't be treated as reliable funding source for the company.

Financial instruments: IFIs



Ukrainian business is actively integrating into the European society. Currently, there are certain grant programs from the European and American organizations for business in Ukraine:

IFI	Description	Direct Financing	Intermediated Financing	Other Features
European Commission & National Development Banks	<ul style="list-style-type: none"> ▶ Exploring instruments and terms for supporting Ukraine's rebuilding via long-term investment loans secured with Ukraine Facility Guarantee. Business Bridge Project offers €3.75 million to aid war-affected Ukrainian SMEs. EU-Ukraine Cluster Partnership Program supports business integration into the EU market. 	<ul style="list-style-type: none"> ▶ Equity: min 30% of total project costs ▶ Size: min EUR 5 million ▶ Tenor: up to 10+ years 	<ul style="list-style-type: none"> ▶ Through local Ukrainian banks ▶ Support for specific sectors 	<ul style="list-style-type: none"> ▶ Business Bridge: ▶ Up to €2500 per business ▶ Cluster Partnership Program: Integration support including EEN, Erasmus, ECCP
EBRD	<ul style="list-style-type: none"> ▶ Provides loans for large projects and supports local commercial banks for SMEs. Also offers guarantees to international banks covering political and commercial risks. Since February 2022, EBRD has deployed over €4 billion in Ukraine with a commitment of at least €3 billion in financing in Ukraine's real economy. 	<ul style="list-style-type: none"> ▶ Loans: €3 million to €250 million ▶ Lending term: up to 15 years 	<ul style="list-style-type: none"> ▶ EBRD supports local banks 	<ul style="list-style-type: none"> ▶ Equity Investments: ▶ Stakes up to 35% ▶ €10 million to €200 million per investment Financial Support: ▶ Support for real economy
MIGA (World Bank)	<ul style="list-style-type: none"> ▶ Provides political risk insurance and credit enhancement. Offers guarantees for investments in SMEs. 	-	-	<ul style="list-style-type: none"> ▶ Covers up to 90% for equity, 95% for debt ▶ Guarantees term: 3 to 10 years
NEFCO (Nordic Environment Finance Corporation)	<ul style="list-style-type: none"> ▶ Finances Nordic SMEs with environmental or climate benefits. Offers loans, equity, and grants for green investments and internationalization. 	<ul style="list-style-type: none"> ▶ Loans and equity up to EUR 5 million ▶ Fast-track loans up to EUR 500,000 	-	<ul style="list-style-type: none"> ▶ Blended loans and grants for public projects in Eastern Europe
USAID	<ul style="list-style-type: none"> ▶ Announced \$230 million investment to bolster Ukraine's economy focusing on private sector productivity, job creation, and exports. 	-	-	<ul style="list-style-type: none"> ▶ Investment for economic reconstruction
IFC (World Bank)	<ul style="list-style-type: none"> ▶ Supports Ukrainian medium-sized businesses with financial and advisory aid including the \$2 billion ERA program, trade finance, risk-sharing, and financing for smaller enterprises. 	-	-	<ul style="list-style-type: none"> ▶ Focus on agribusiness and women-owned businesses
Ukraine Facility	<ul style="list-style-type: none"> ▶ Financial Support: It offers up to €50 billion in stable and predictable financial support¹. 	<ul style="list-style-type: none"> ▶ the EU will provide financial support of over €38 billion to Ukraine through a combination of loans (up to €33 billion) and grants. 	-	<ul style="list-style-type: none"> ▶ Timeframe: The facility covers the years 2024 to 2027

Ukrainian State Support for Foreign Investors (available in Ukraine)

Export Credit Agency (ECA) programs



ECA provides investment insurance in Ukrainian export-oriented production!

The Supervisory Board of the Export Credit Agency has implemented new insurance investment products against military and political risks according to the Law of Ukraine 3497-IX.

How does this work?

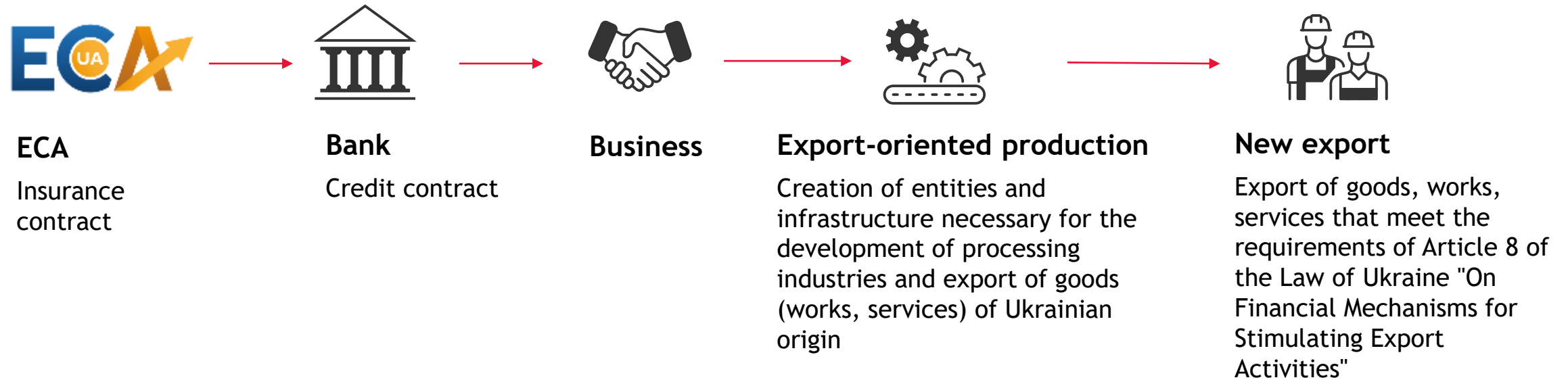
Direct investment insurance:

- ▶ Investor (resident or non-resident) owns a share of over 10%.
- ▶ The investment is aimed at the development of the processing industry and export.
- ▶ Investees in Ukraine (except for combat zones and occupied territories).
- ▶ The products meet the requirements of the profile for the ECA legislation of Ukraine.
- ▶ Protection from war risks: war, aggression, conflicts, terrorism, occupation.
- ▶ Maximum amount: UAH 200 million
- ▶ Rate: 0.49%-8.01%.

Insurance of investment loans:

- ▶ Credit is given to the Ukrainian business entity.
- ▶ The credit is aimed at the creation of entities for export.
- ▶ Entities in Ukraine (except zones of combat and occupied territories).
- ▶ Protection from war risks: war, aggression, conflicts, terrorism, occupation.
- ▶ Maximum amount: UAH 200 million
- ▶ Rate: 0.95%-4.05

Export Credit Insurance



1. A business entity provides the bank with a business plan or feasibility study justifying the impact of credit funds on future exports
2. ECA insurance covers non-repayment of the credit solely due to the political and military risks.

NEW! Insurance of direct investments in Ukraine against military and/or political risks

Investor-Insured



- ▶ Individual/legal entity
- ▶ Resident/non-resident
- ▶ Private/state
- ▶ Connected person with the investee

Insurance contract



Direct Investment

- ▶ This is an economic operation that provides for the contribution of capital investments in exchange for ownership rights, received from another person (or an investee), or such person.
- ▶ If the investee is a limited liability company or a joint-stock company, the acquisition or increase of corporate rights in the investee, along with parts of such companies.

Investment Object



- ▶ A legal entity located in Ukraine, except for the temporary occupied areas
- ▶ The purpose of **direct investment** is the creation of entities and infrastructure necessary for the development of processing industries and export of goods (works, services) of Ukrainian origin:
- ▶ Goods (works, services) that are exported because of investment, must meet the requirements of Article 8 of the Law of Ukraine "On Financial Mechanisms for Stimulating Export Activities"

Having all necessary permits and licenses for corporate rights of the investor, they must not exceed 10%

Law of Ukraine “On Industrial Parks”

The Law of Ukraine “**On Industrial Parks**” and the supportive legislation provides a variety of tools for the development of industrial parks in Ukraine. **In addition**, the legislation stipulates the requirements for initiation, management and operation of industrial parks.

The following incentives are eligible to managing companies, companies-initiators and/or participants of industrial parks:

- ▶ **Full or partial compensation of interest rates** on loans for arranging an industrial park, as well as for carrying out economic activity within an industry;
- ▶ **Non-refundable financing** for the purpose of arranging an industrial park and/or construction of related infrastructure facilities (highways, communication lines, heat, gas, water and electricity, utilities, etc.);
- ▶ **Compensation for connecting to engineering grids** (incl. compensation for connecting to the electric grid, national railway system, gas-, heat- and water supply networks);
- ▶ **10-year corporate income tax exemption** earned from their business activity within the industrial park. However, the respective CIT exemption would be applied only if the respective amount of money will be reinvested by the participant into the investment project development;
- ▶ **VAT exemption** on import operations for **new equipment (components)** by the participants of industrial parks intended only for own use of the participants of industrial parks;
- ▶ **Favourable land tax rates** might be granted for participants of industrial parks by decision of a local government;
- ▶ **Exemption** from taxation of **customs duties** on **new equipment (components)** imported by such participants for their own use only.

State program "Affordable loans 5-7-9%" 1 / 2

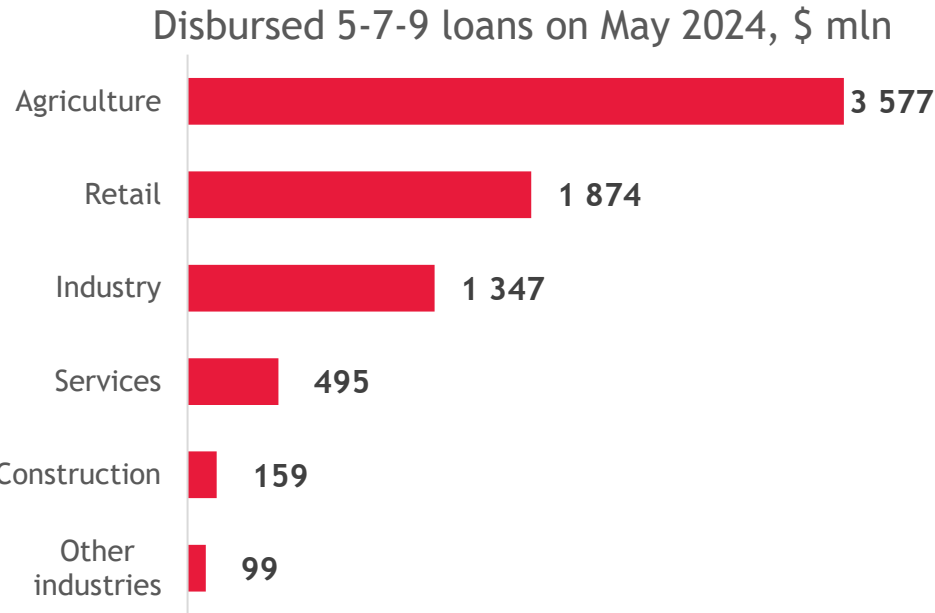
The program is valid for 5 years and applies particularly to agricultural producers.

The program provides for partial compensation of interest rates on loans in order to:

- ▶ Develop entrepreneurship, including business growth, production increase, exports, import substitution, high-tech manufacturing, energy efficiency, innovation, job creation, and repatriating labor migrants to Ukraine;
- ▶ Refinance existing Ukrainian bank debts for businesses (excluding large enterprises);
- ▶ Fund businesses (excluding arms producers/sellers) to counter Russian aggression and its effects, such as supporting the Armed Forces, other legally formed military units, and affected civilians during martial law, including relocating entities from combat zones to safer Ukrainian regions.

Criteria for participation in the program:

- ▶ The borrower is a legal entity, or an individual entrepreneur registered in the controlled territory of Ukraine;
- ▶ The ultimate beneficial owner (controller) is a resident of Ukraine;
- ▶ Term of business activity - more than 12 months;
- ▶ Annual income from activities does not exceed EUR 50 million (on a consolidated basis by group of related companies, if any). For business applying for a loan aimed at preventing Russian aggression and overcoming its consequences; the income limit does not apply;
- ▶ The total amount of state support received by the borrower and/or group members during any three-year period of program implementation cannot exceed the equivalent of EUR 200,000.



Key points:

- ▶ The agricultural sector accounts for 47% of the total number of loans issued in May 2024
- ▶ A total of 89,465 loans are active under the "5-7-9" program as of May 2024
- ▶ Current specificity of loans - investment direction

State program "Affordable loans 5-7-9%" 2/2

Available programs and criteria for their obtaining:

0% per annum

(0% per annum during martial law and within one month after its termination or cancellation; afterwards - 5% per annum)

Goal: to prevent Russian aggression and overcome its consequences.

Purpose of the loan:

- ▶ investment purposes related to business activity and/or;
- ▶ financing of working capital;
- ▶ refinancing the existing debt and/or changing terms of the contract for bank loans.

5% per annum

Goal: development of entrepreneurship.

Purpose of the loan:

- ▶ investment project financing;
- ▶ replenishment of working capital necessary for implementation of an investment project in the amount of up to 25% of its cost.

Conditions: hiring 2 employees during the quarter.

Criteria for participants: for businesses with an annual income of up to UAH 50 million per group of related persons.

7% per annum

Goal: development of entrepreneurship.

Purpose of the loan:

- ▶ investment project financing;
- ▶ replenishment of working capital necessary for implementation of an investment project in the amount of up to 25% of its cost.

Criteria for participants: for businesses with an annual income of up to UAH 50 million per group of related persons.

9% per annum

Goal: development of entrepreneurship.

Purpose of the loan:

- ▶ investment project financing;
- ▶ replenishment of working capital necessary for implementation of an investment project in the amount of up to 25% of its cost.

Criteria for participants: for businesses with an annual income of up to UAH 50 million per group of related persons.

3% per annum

Purpose: refinancing the debt of the business entity under a loan provided by the bank of Ukraine.

Criteria for participants: for businesses with an annual income of up to UAH 50 million per group of related persons.

5% per annum

Purpose: to prevent Russian aggression and overcome its consequences.

Criteria: for loans from UAH 60 million to UAH 1 billion, for trading companies together with members of the group of related counterparties.

Law of Ukraine “On State Support for Investment Projects with Significant Investments in Ukraine” 1 / 2

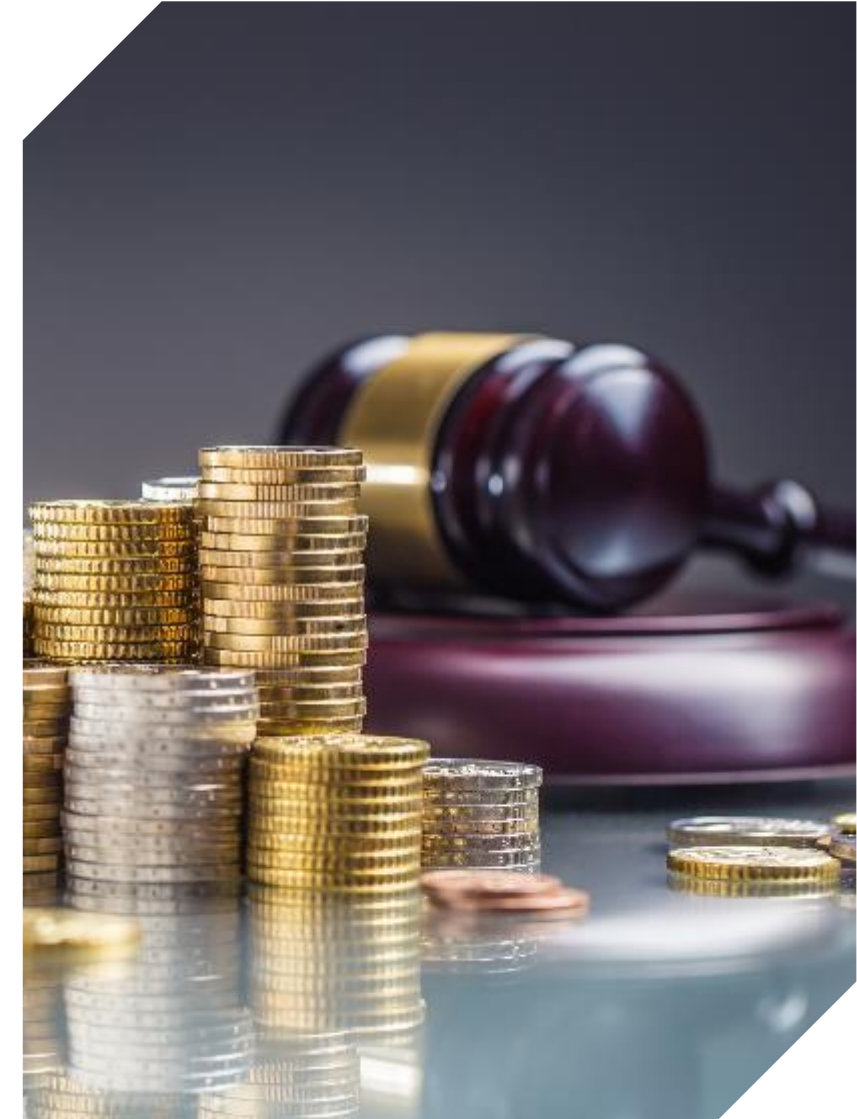
The Law of Ukraine “**On State Support for Investment Projects with Significant Investments in Ukraine**” and accompanying legislation provides investment projects that meet the criteria established by the Law, state **guarantees on stable legislation for 15 years**, on **compensation for losses caused by state bodies**, and provides such investment projects with **state support of up to 30%** of amount of significant investments in one of the following forms:

- ▶ exemption from **corporate income tax** - **for 5 years from filing the application** (except for projects related to extraction for further processing and/or enrichment of minerals);
- ▶ exemption from **VAT** payment for import of new equipment and components thereto (provided that the relevant goods were made not earlier than three years before the date of their import and were not used), according to the list and volume that are approved by the Cabinet of Ministers of Ukraine;
- ▶ exemption from **customs duties** for import of new equipment and components thereto (provided that the relevant goods were made not earlier than three years before the date of their import and were not used), according to the list and volume that are approved by the Cabinet of Ministers of Ukraine;
- ▶ **construction** at the expense of state, local budgets of **engineering and transport infrastructure** (highways, communication lines, utilities etc.) necessary for the realization of investment project with significant investments (except projects in the sphere of iron ore enrichment);
- ▶ establishment by the local self-government bodies of **land tax rates and rent payments** for land of state and communal property **lesser than a land tax**, as well as exemption from **land tax** (except for projects in the sphere of extraction for further processing and/or enrichment of minerals);
- ▶ **simplified** procedure for granting right for use (lease) of land plots of state or communal property with the **pre-emptive right for acquisition** of such a land plot to the property after the expiration of a special investment agreement;
- ▶ **compensation for costs of connection** to engineering and transport infrastructure (highways, communication lines, utilities, etc.); exemption from compensation for losses of forestry production.

Law of Ukraine “On State Support for Investment Projects with Significant Investments in Ukraine” 2/2

The incentives stipulated by law are provided for investment projects, for which a special investment agreement is concluded with the state, and which meet the investment project requirements established by the law, namely:

- ▶ **12+ mln euro** of investments into the project since the conclusion of the special investment contract;
- ▶ **10+ new jobs** created since the conclusion of the special investment contract with the average wage, which at least 15 percent bigger than the average wage for the respective duties in the respective region;
- ▶ project envisages **construction, modernization, technical and/or technological re-equipment** of investees;
- ▶ project **implementation period** shall not exceed **5 years**;



Diia.City tax & legal regime for IT businesses



Diia.City provides unique tax and legal space for IT business, making it easier and less expensive to manage and operate your business.

Since 2022, 1,068 companies have become residents of Diia.City.

Diia.City conditions are fixed for 25 years

Payroll taxes:

- Personal income tax — **5%** vs 18% on general taxation
- Social Security fee — **USD 44** person / month vs 22% on gross salary on general taxation (max USD 660 / month)
- Military tax — **1.5%** (same on general taxation)

Corporate tax:

- **9%** exit capital tax or **18%** income tax may be elected

Investment promotion:

- **0%** on the income of individuals as dividends from a resident company, if they are paid no more than once in 2 years;
- **Tax rebate** (for personal income tax) for the amount invested in a Ukrainian startup - resident Diia.City

To become a resident of Diia.City, an entity must meet the following requirements:

- ▶ Receive **at least 90%** of income from IT activities;
- ▶ Average monthly remuneration of employees and/or gig specialists - **EUR 1200** at least;
- ▶ At least **9 employees** and/or gig specialists involved;
- ▶ Simplified rules apply **to start-ups**.

Diia.City: Comparison

If your company has such financial indicators (example):

- Revenue – EUR 200,000
- Founders' dividends /NI – EUR 20 000
- Staff – 10 people
- Average salary– EUR 1,200/month (EUR 144,000 gross per annum)



Such a company and its team are going to pay EUR 16 K in taxes with Diia.City annually:

- Income tax: EUR 0
- Exit Capital Tax: EUR 1,800
- **Personal Income & Military Tax: EUR 9,360**
- Social security fee: EUR 4,920
- Total taxes: EUR 16,080

For comparison, the calculation of taxes in other countries with special tax regimes for IT

—	€5 500	—	€2 175	—	—	Income tax
€1 800	—	—	—	€1 000	—	Exit capital tax
€9 360	€7 200	€14 400	€4 976	€28 800	€7 200	PIT (+ Military Tax)
€4 920	€5 760	€9 360	€22 032	€2 880	€30 925	Social security tax
€16 080	€18 460	€23 760	€29 183	€32 680	€38 125	Total taxes (€ per year)
	India	Kazakhstan Astana Hub	the U.S. Delaware	Georgia IT virtual zone	Poland	

Programs for development of renewable energy in Ukraine 1 / 2

For stimulating development of renewable energy in Ukraine:

1. Establishment of a “green” tariff for electric energy produced from alternative sources

The Law of Ukraine “On Alternative Energy Sources” provides for the establishment of a “green” tariff to stimulate the production of electricity from alternative energy sources (except blast furnace and coke gases, and with the use of hydropower produced only by micro-, mini- and small hydropower plants).

“**Green**” tariff means a special tariff at which the electricity generated by electric power facilities, particularly at the commissioned construction stages of electric power plants (start-up facilities) that use alternative energy sources (and only electricity generated by micro, mini and small hydroelectric power plants if hydro energy is used) is purchased.

“Green” tariff has been set for each business entity producing electricity from alternative energy sources, for each type of alternative energy and each electric power facility or each stage of a power plant construction (start-up complex).

“Green” tariff for electricity produced by generating installations of private households, consumers, including energy cooperatives, shall be set for each type of alternative energy source and for combined wind and solar generating systems.

“Green” tariff for electricity is set considering the **coefficient** of the “green” tariff which is determined depending on the **commissioning date of the facility stages/start-up complexes**. The specific coefficients are defined in the Law “On Alternative Energy Sources”.

Support for the producers of electricity from alternative energy sources, which according to the **auction results** have acquired the right to support shall be provided by a **guarantee of the purchase of all electricity** supplied by such producers **at the auction price**, taking into account **the premium for compliance with the level of use of the equipment produced in Ukraine**, by virtue of the concluded electricity sale contracts between the guaranteed buyer and the business entity, which according to the auction results acquired the right to support.

Programs for development of renewable energy in Ukraine 2/2

2. Tax and customs incentives are also available for green energy producers in Ukraine

VAT exemption on import of goods that are used for own production and if identical goods with similar quality indicators are not produced in Ukraine, namely:

- ▶ Equipment that works on renewable energy sources, energy-saving equipment and materials, measuring tools, control and management of consumption of fuel and energy resources, equipment and materials to produce alternative types of fuel or to produce energy from renewable energy sources;
- ▶ Materials, equipment, components used for production of the following:
 - equipment that works on renewable energy sources; materials, raw materials, equipment and components that will be used in the production of alternative types of fuel or the production of energy from renewable energy sources;
 - energy-saving equipment and materials, products, operation of which ensures savings and rational use of fuel and energy resources;
 - Measuring tools, controlling and managing the consumption of fuel and energy resources.



Public procurement system Prozorro

All procurements from the state budget of Ukraine and some donor organizations are made in the **Prozorro system**.

Procurement at the expense of international donors can be announced in the Prozorro system (e.g., GIZ, USAID), but the organizer can independently determine terms and conditions for the tenders. The procurement of goods, works and services for state funds is regulated by the **Law of Ukraine “On Public Procurement dated 25.12.2015 No. 922-VIII”**.

Resolution of the Cabinet of Ministers of Ukraine (CMU) on approval of features of public procurement of goods, works and services for customers provided for by the **Law of Ukraine “On Public Procurement”** for the period of the legal regime of martial law in Ukraine and **within 90 days** from the date of its termination or cancellation dated 12.10.2022 No. 1178.

The Prozorro system is an electronic public procurement system where the tender organizers announce the tenders for the purchase of goods, works and services, and businesses participate in these procurements. Currently, all Ukrainian state-owned entities or those having a state share are required to carry out all their purchases, the amount of which is approximately equal to or exceeds **EUR 5 000**, through electronic procurement procedures in the Prozorro system.

[Guide to electronic public procurement system in Ukraine >>](#)

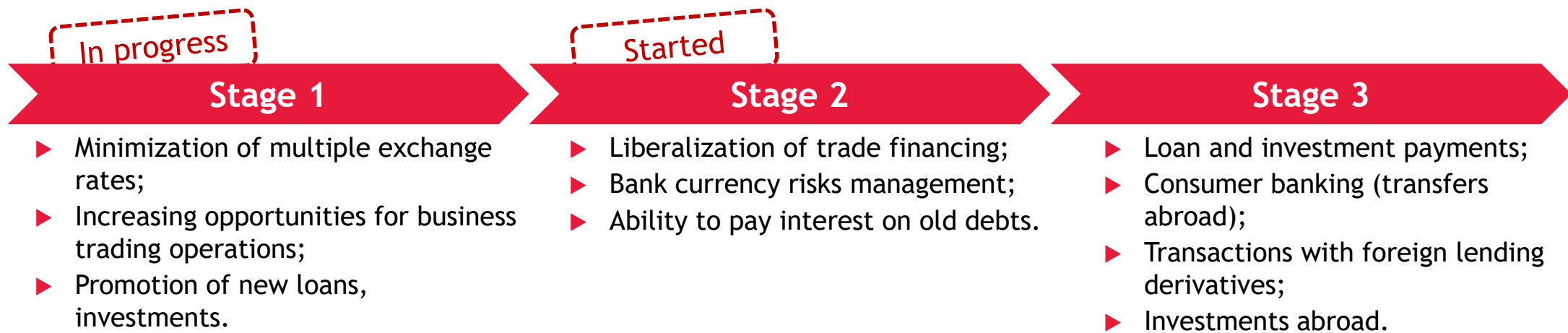


Currency Restrictions

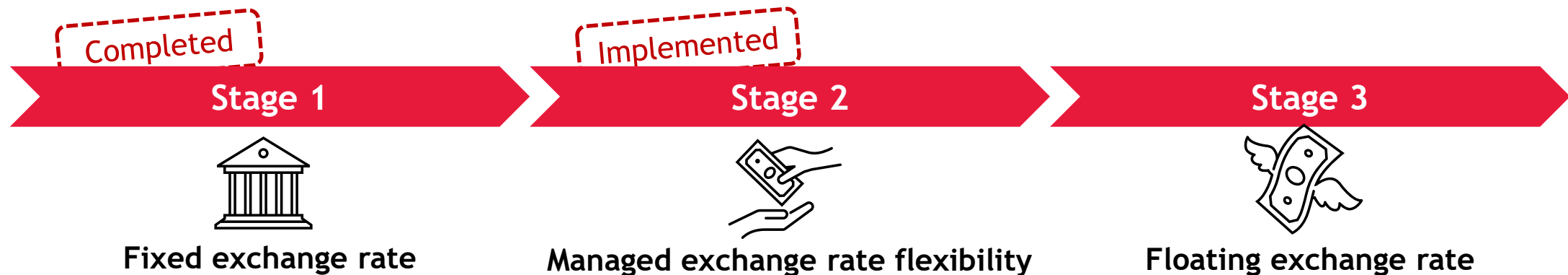
Financial stability measures by the NBU

At the beginning of the full-scale invasion, the National Bank of Ukraine (the NBU) established a fixed exchange rate for the national currency and imposed a series of currency restrictions to stabilize the financial system's operations. Currently, the NBU is gradually implementing the Strategy for Easing FX Restrictions and Transitioning to More Exchange Rate Flexibility.

Stages of easing FX restrictions

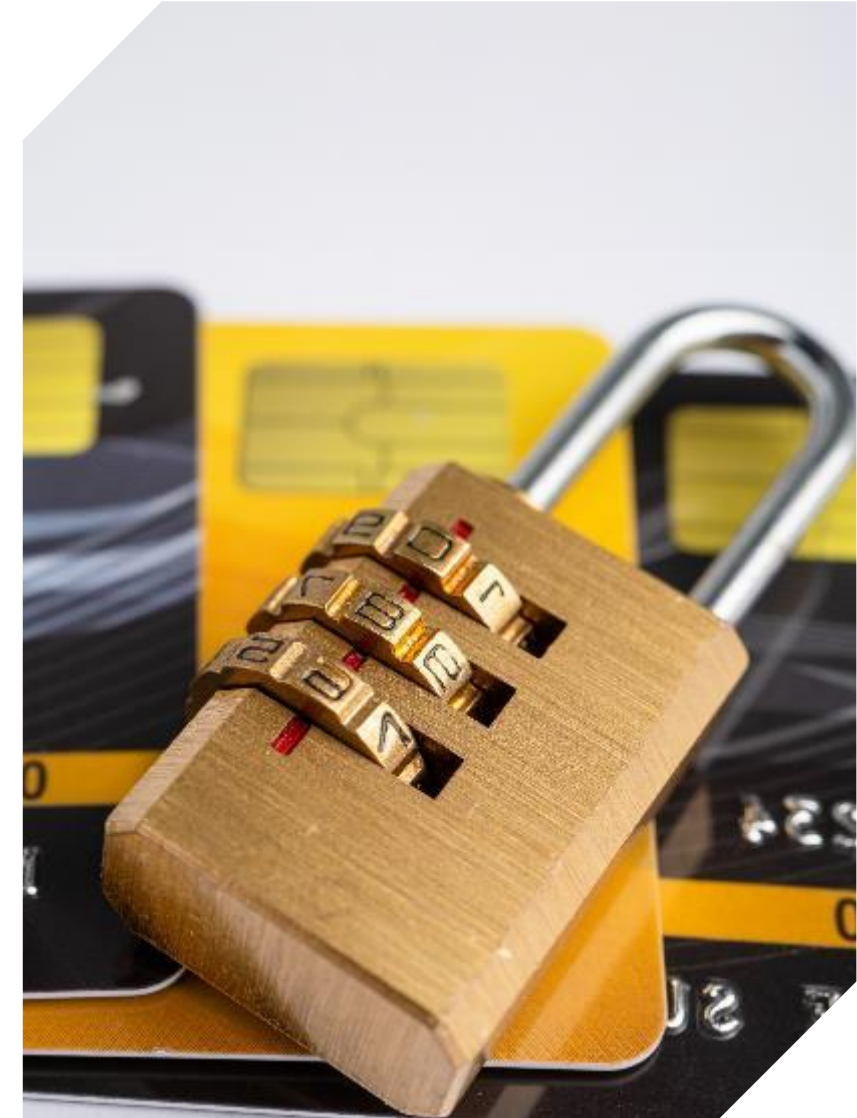


Stages of changing the exchange rate regime



However, many prohibitions on currency transactions are still in force

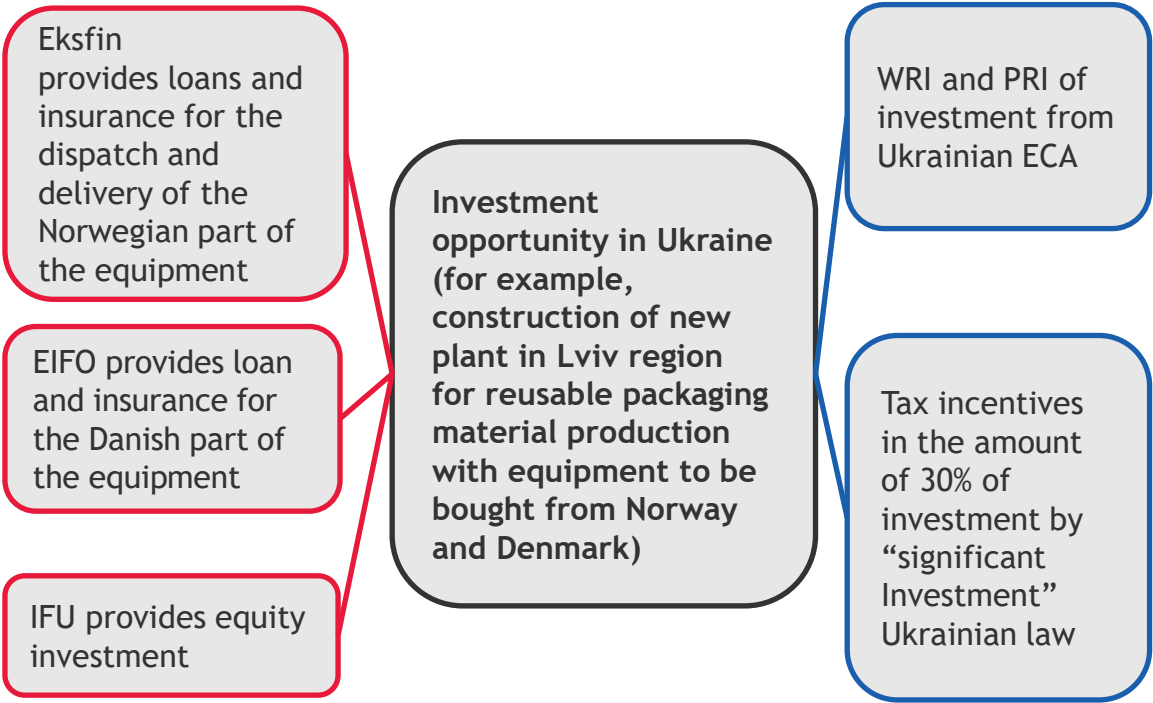
- ▶ **Dividends:** permitted to repatriate dividends accrued starting from January 1, 2024, with a monthly limit of EUR 1 million or its equivalent.
- ▶ **Import:** permitted to purchase and transfer foreign currency abroad for any import operations. The terms for settling transactions over UAH 400,000 (\approx USD 10,000) are capped at 180 calendar days.
- ▶ **Loans:** permitted to repay foreign loans within the first year using only own foreign currency funds, then purchasing is allowed. Interest and other loan-related fees can be paid with both owned and purchased foreign currency. The interest rate must not exceed 12% annually.
- ▶ **Leasing and rent:** permitted to transfer funds abroad for settlements under leasing and rental contracts.
- ▶ **Branches & representatives:** permitted to transfer funds to branches abroad only through one bank, using own funds and only for covering the branches' operational expenses. Representatives of international payment systems and airlines are permitted to transfer up to EUR 5 million to parent companies every month.
- ▶ **Cash:** issuance of cash in foreign currency is permitted up to a daily limit of UAH 100,000 (\approx USD 2,500).



Examples of Using Financial Tools for Investors in Ukrainian Business

Examples of Using Financial Tools for Investors in Ukrainian Business*

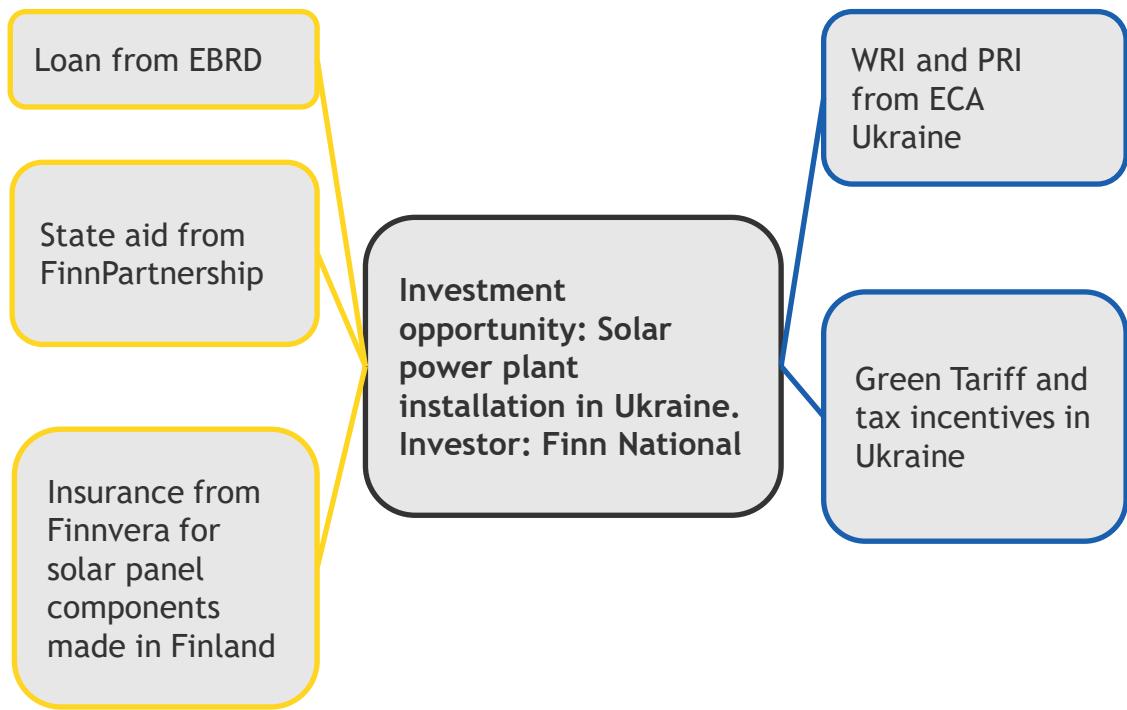
Investment opportunity in Ukraine (for example, construction of new plant in Lviv region for reusable packaging material production with equipment to be bought from Norway and Denmark)



Norwegian and Danish Tools

Ukrainian Tools

Investment opportunity: Solar power plant installation in Ukraine. Investor: Finn national



International and Finnish Tools

Ukrainian Tools

*examples are not based on real cases; they are illustrations of possible combination

Conclusions

Despite the ongoing war, Ukraine offers unique opportunities for foreign private companies. A variety of innovative financial mechanisms can minimize war and political risks and attract investors to critical sectors. Sustainable, green, and “build back better” reconstruction of Ukraine is unfeasible without attracting the private sector.

In Ukraine, business lending is provided with comfortable conditions, including quick decision-making, preferential lending programs, and bank guarantees. Different IFI programs are offered through grants for businesses and government bodies, bank guarantees, and loans. Ukraine supports foreign investment by modernizing loan programs, partnering with MIGA for war risk insurance with the USD 30 million fund, through UkraineInvest expansion support, and offering incentives for businesses investing.

Scandinavian countries offer support for investments in Ukraine through export credit agencies as the coverage of war risk and through special funds and programs. Carefully designed financial instruments, tailored to the needs of local investors can open a broad Ukrainian market to marginal and impactful cooperation.

[The Norwegian-Ukrainian Chamber of Commerce \(NUCC\)](#) promotes investments in Ukraine, with a particular emphasis on fostering collaboration and connections between Norwegian and Ukrainian entities. [BDO in Ukraine](#) is actively involved in the country's reconstruction, striving to attract investments and expedite the process as swiftly as possible. For more detailed information, please read BDO Ukraine's [Investor's guide](#) with the latest business incentives and regulatory modifications, providing essential insights for potential investors.





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