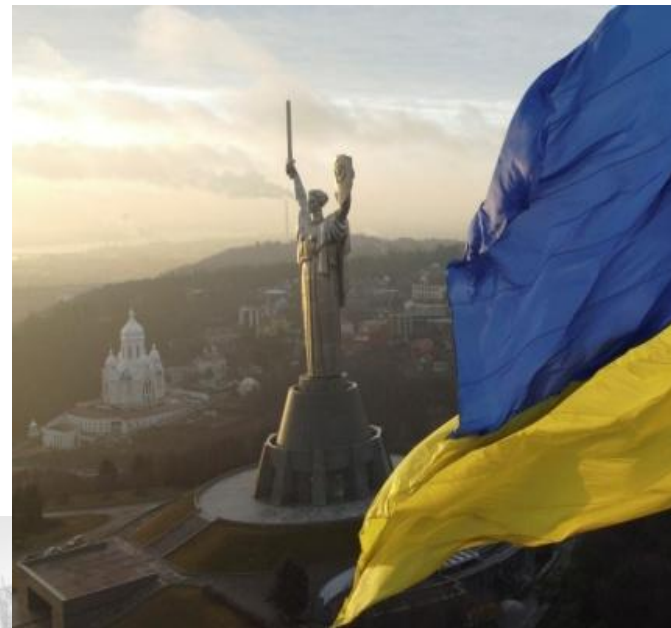


Investing in Ukraine is crucial for supporting the recovery and rebuilding efforts, which in turn contributes to global stability and prosperity

Ukraine urgently needs to attract private investments. We are carrying out reforms, improving the business environment, and combating corruption.

This is important for our economic resilience and, consequently, our resilience on the battlefield. It is also crucial for recovery. According to RDNA3, the direct damage to Ukraine from the war is \$152.5 billion, the total economic, social, and other losses are nearly \$499 billion, and the recovery needs amount to \$486 billion. The state can only tackle this challenge together with the private sector.



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WHY INVEST IN UKRAINE?

Ukraine offers a unique strategic investment opportunity with its significant consumer market and strategic geographical location in Europe. Despite the unprecedented challenges from the full-scale invasion, Ukraine has shown remarkable economic resilience.

The country has made strides in market access and regulatory alignment with the EU, laying the groundwork for substantial economic growth through ongoing reforms. Ukraine is undertaking reforms to enhance its business environment and integrate with European standards. The GoU is implementing reforms focusing on improving the country's business climate including legal reforms, anti-corruption, business environment and privatisation.

Key reforms of the business environment include customs reform, tax reform, business deregulation, relaunch of the Bureau of Economic Security, simplified procedure for connecting real estate to utility networks, alignment of public procurement with EU standards and general harmonisation of rules and regulations with the EU acquis, energy markets liberalization.

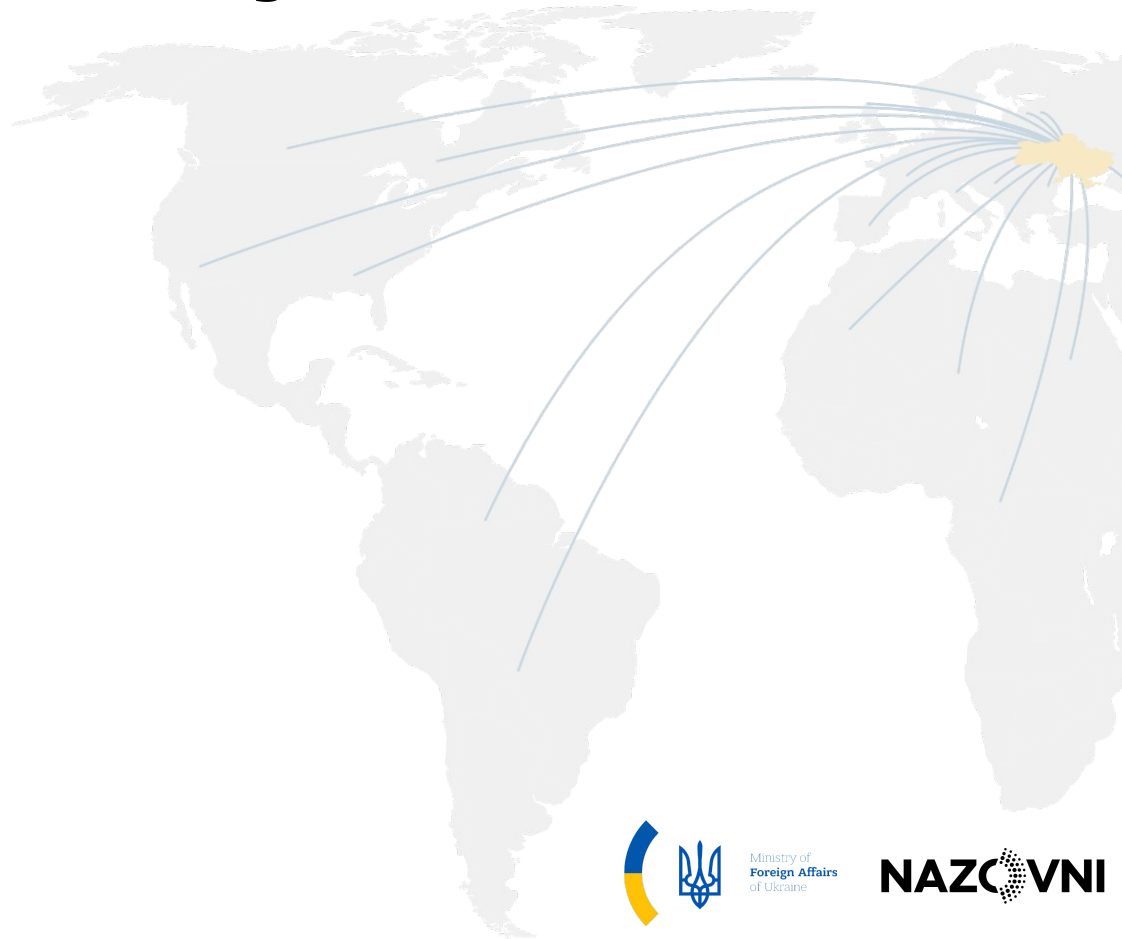


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Economic Rationales for Investing in Ukraine Now:

- ❑ International Financial Aid
- ❑ Favourable Global Trends
- ❑ Strong Government Support
- ❑ Extensive Reconstruction Scope
- ❑ High Growth Potential
- ❑ Prime Entry Opportunity
- ❑ EU Accession Prospects



Ukraine's Competitive Advantages

Proximity to Europe, Middle East, and Africa:

Ukraine provides access to nearly 2 billion consumers

Skilled Human Capital:

Highly educated work force, particularly in STEM fields, provides a unique human capital base for businesses

Agrifood Powerhouse:

Known as the «breadbasket of Europe» Ukraine continues to be a major global exporter of wheat, corn and sunflower oil, contributing significantly to global food security

Green Energy Prospects:

Due to Ukraine's energy transition plans and the unfortunate blatant destruction of its thermal power production by Russia, Ukraine is facing significant energy shortages

Availability of Scarce Critical Materials:

Ukraine boasts 117 different types of mineral resources and 8,800 industrial deposits, including titanium, lithium, manganese and iron ores, zirconium, and graphite

Opportunity to Become a Manufacturing Hub:

Ukraine offers cost effective skilled labour force and a highly developed raw material base (agrifood, forestry, critical raw materials)

The main Ukrainian projects across key sectors, requiring approximately USD 25 billion of funding



Agrifood: From complex fertilizers to fruit, vegetable, poultry, and meat products



Transportation and Logistics: Construction of new terminals, development of export logistics, restoration of roads, bridges, tunnels, and improvements in sea, river and rail transportation



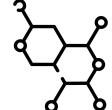
Energy: Advancing renewable energy goals, increasing efficiency in traditional generation, investing in energy storage and transportation



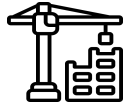
Hydrogen: At-scale production of carbon-neutral hydrogen



Green Steel: Manufacturing of green steel and production of HBI/DRI for green metallurgy



Critical Raw Materials: Lithium, titanium, uranium, graphite, cobalt, nickel, tantalum, and other elements



Housing, Reconstruction, and Building Materials: reconstruction of damaged housing, social and affordable housing, water and sanitation facilities



Pharmaceutical and Medical Sectors: Production of vaccines, modernization, and construction of medical facilities



Information and Communication Technology & Digital: Infrastructure projects, human capital developments, and technology investments

Possible Next Steps and How the Government of Ukraine Can Support Investors:

Validate and Strengthen Business Cases **The Ukrainian government has launched several working groups focused on key sectors** to provide fact-based analysis of potential investment projects. These working groups help investors validate and pressure-test their business cases.

Project Preparation Assistance **The Ukrainian government is ready to supply necessary data and collaborate with experts** to assist in conducting pre-feasibility studies, preparing for investment decisions, and attracting financing.

Engage with Potential Investment Partners: **The Ukrainian government is working on establishing recovery and development initiatives with IFIs** (International Financial Institutions) and insurers to facilitate access to finance and mitigate war-related and other investment risks.

Result: contributing to the recovery of Ukrainian economy and business this project will allow to support enterprises with internally displaced employees, give business opportunities to relocated and/or conflict – affected SMEs, promote Ukrainian products on foreign markets as well as boost the export.

The Government plans to continue implementing measures to improve the business environment in these areas of work:



Ukraine's Plan and Strategy for Recovery, Sustainable Development, and Digital Transformation of Small and Medium Enterprises.

The European Union has introduced a new financial instrument for Ukraine, the Ukraine Facility, amounting to €50 billion for 2024-2027, within the framework of the EU's Multiannual Financial Framework for 2024-2027.

The Government has approved Ukraine's Plan (Cabinet of Ministers of Ukraine Order No. 244 dated March 18, 2024), which includes a list of reforms aimed at achieving the goals of the Ukraine Facility, measures (conditions) for their implementation, and corresponding indicators, the achievement of which will be a condition for financial disbursements from the EU during 2024-2027. The "Business Environment" section of the Plan contains a list of key reforms.

Legislative framework in Ukraine in the field of investment activity regulation

The LAW OF UKRAINE "ON INVESTMENT ACTIVITY" defines the general legal, economic and social conditions for investment activity in Ukraine.

The LAW OF UKRAINE "ON FOREIGN INVESTMENT REGIME" defines the specifics of the foreign investment regime in Ukraine based on the objectives, principles and provisions of Ukrainian legislation.

LAW OF UKRAINE "ON STATE SUPPORT OF INVESTMENT PROJECTS WITH SIGNIFICANT INVESTMENTS IN UKRAINE" defines the organizational, legal and financial principles of state support for investment projects in order to create favorable conditions for attracting significant investments (domestic and foreign) to Ukraine

The LAW OF UKRAINE "ON PUBLIC-PRIVATE PARTNERSHIP" defines the organizational and legal framework for the interaction of public partners with private partners and the basic principles of public-private partnership on a contractual basis.

The LAW OF UKRAINE "ON CONCESSION" defines the legal, financial and organizational framework for the implementation of projects carried out under concession terms in order to modernize infrastructure and improve the quality of socially important services.

LAW OF UKRAINE "ON FINANCIAL MECHANISMS FOR STIMULATING EXPORT ACTIVITIES", which, in particular, provides for mechanisms for insuring investments against military risks (entered into force on January 1, 2024, adopted by the Verkhovna Rada on November 22, 2023, signed by the President on December 21, 2023).

Key priorities of the Government aimed at supporting and developing business are:

1

IMPROVEMENT OF THE REGULATORY ENVIRONMENT

- ➔ A declarative principle of operation for businesses has been introduced (47 permits out of 76, 13 licenses out of 35, and up to 500 other public services have been converted to declarations);
- ➔ Digitalization of licensing and permitting procedures;
- ➔ Legislative foundations are being created for the spread of business self-regulation;
- ➔ A moratorium on business inspections is in effect;
- ➔ The system of state supervision (control) is being restructured towards a service-oriented (preventive) approach, which includes voluntary audits and insurance of economic activities, as well as a risk-oriented approach in inspection planning, which will help reduce the number of inspections.



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Key priorities of the Government aimed at supporting and developing business are:

2 ACCESS TO FINANCE AND MARKETS

According to the plans for 2024, the implementation of grant assistance programs under the "eRobota" project is expected to provide microgrants to 11,600 people and grants for veteran businesses to 420 people. The "eRobota" project, which provides non-repayable financial support to businesses to stimulate entrepreneurial activity and job creation. The "eRobota" project includes several grant funding programs, namely:

- ➔ The " Own Business " [Vlasna sprava] program is the most popular program among Ukrainians, providing microgrants for starting a new or developing an existing business;
- ➔ The "Grants for Veterans" program is a grant program for combat veterans and their spouses (veteran's wife or husband), persons with disabilities due to war, and veteran businesses;
- ➔ The program of grants for the creation or development of processing enterprises – this program provides grants for the creation or development of processing enterprises, provided there is co-financing by the grant recipient.

Key priorities of the Government aimed at supporting and developing business are:

3 HARMONIZATION OF LEGISLATION AND REQUIREMENTS WITH EU STANDARDS

- ➔ Consumer protection (a new version of the Law of Ukraine "On Consumer Protection" has been adopted, transposing 8 EU directives);
- ➔ State market supervision (a moratorium has been introduced on scheduled measures of state market supervision and control of non-food products, except for three areas that fall under the priority sectors for the ASAA Agreement).

Expanded forms of state support

A

Compensation from state and local budgets, as well as other legal sources, for the cost of constructing adjacent infrastructure objects (roads, communication lines, heat, gas, water, and electricity supply systems, engineering communications, etc.) necessary for the implementation of investment projects with significant investments

B

Compensation for expenses related to connecting and joining engineering and transport networks required for the implementation of significant investment projects

C

Exemption from compensating for losses in forestry production for the implementation of significant investment projects

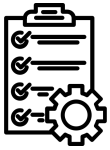
D

Reduced thresholds for significant investments (from €20 million to €12 million) and the number of new jobs created during the implementation period of significant investment projects, including modified and differentiated requirements for job creation to enable a broader range of business entities to participate in the investment process

Given the current circumstances Ukraine faces, the policy of developing domestic production, supporting non-raw material exports, and attracting investments into the real sector is the only viable path for resilience and development.

In 2024, under the patronage of President Volodymyr Zelenskyy, the All-Ukrainian Economic Platform "Made in Ukraine" was launched to ensure continuous communication and coordination between state bodies, representatives of relocated enterprises, domestic businesses (large, medium, small), entrepreneurial public associations, foreign investors, political figures, scientists, and experts.

To stimulate the attraction of strategic investors into Ukraine's economy and enhance its investment appeal, the Law of Ukraine "On State Support of Investment Projects with Significant Investments in Ukraine" was adopted, which:



Expanded the sectors in which an investment project with significant investments can be implemented



Provided opportunities for the applicant to make significant investments in investment objects, amounting to no more than 30% of the total significant investments required for the project, at least 18 months before submitting an application to the authorized body



Expanded forms of state support



Allowed the applicant to act as an investor with significant investments if they are a separate legal entity created to implement the project and a party to a special investment agreement as an investor

When creating industrial parks, investors are guaranteed with:

- ❑ A simplified procedure for leasing or acquiring land plots within industrial parks.
- ❑ Long-term and stable economic relations within the industrial parks, along with state incentives for the development of registered industrial parks. State incentives can be provided from state and local budgets, as well as other sources.
- ❑ Exemption from value-added tax on imports of new equipment brought into Ukraine under the import customs regime by industrial park participants, exclusively for their own use in manufacturing or research activities within the industrial park (without the right to lease, rent, or transfer to third parties under any conditions).
- ❑ Exemption from corporate income tax for ten years.
- ❑ Establishment of preferential property tax and land fee rates.
- ❑ Exemption from import duty on new equipment brought into Ukraine exclusively for use in manufacturing or research activities within the industrial park (without the right to lease, rent, or transfer to third parties under any conditions).



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Investment insurance tools

Regarding investment insurance tools, current legislation provides for the insurance and reinsurance of investments, both international and Ukrainian, against war risks by the Export Credit Agency (ECA).

The government ensures maritime safety guarantees and promotes stability in sea transport by creating favourable conditions for the operation of operators, charterers, and/or owners of maritime vessels and inland waterway vessels flying under the Ukrainian flag and foreign flags in Ukraine's territorial sea during the armed aggression of the Russian Federation against Ukraine and military actions on Ukrainian territory. This is aimed at ensuring the sustainable export of Ukrainian products through Ukrainian ports and preventing the deepening of the global food crisis.

Ongoing work is conducted with the World Bank, MIGA, DFC, EBRD, and Export Credit Agencies of partner countries.

MIGA (Multilateral Investment Guarantee Agency) is an active provider of insurance in Ukraine, having issued guarantees for political (war) risk insurance totaling over \$324 million since the start of the full-scale Russian invasion.

The American International Development Finance Corporation (DFC) has approved projects for war risk insurance in Ukraine with a total value of over \$380 million, supporting food security, small businesses, healthcare, and international trade.

Additionally, this year, a full launch of the EBRD risk insurance program is expected, along with the involvement of more export credit agencies in investment insurance.



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<https://nazovni.online/en>

Email: office@nazovni.online

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