

- Upon the Ministry of Economy of Ukraine's request and endorsement, KSE Institute conducted a comprehensive study involving businesses from various sectors. The primary objective was to **facilitate direct communication between the government and the business community**, focusing on identifying crucial investment projects for their future growth.
- KSE Institute gathered investment proposals from businesses in **seven strategic sectors**: agriculture, energy, transport and logistics, IT & communications, machinery, green steel, and critical materials. The survey encompassed companies of different sizes, including SMEs and large enterprises, located across Ukrainian-controlled territories.
- The KSE team received and analyzed **over 340 proposals** from the private sector with a total budget of about **\$35 bn**. Please note that this analysis may not cover all existing investment projects considered by private businesses; it focuses on projects with budgets over \$1 million that often require additional financing and does not include war-related loss compensation needs.
- The current concise version of the investment project overview exclusively lists **private sector projects**. However, in the upcoming expanded report planned for next month, we will include investment projects from Ukrainian state-owned companies and assess their eligibility for available financing instruments in Ukraine.

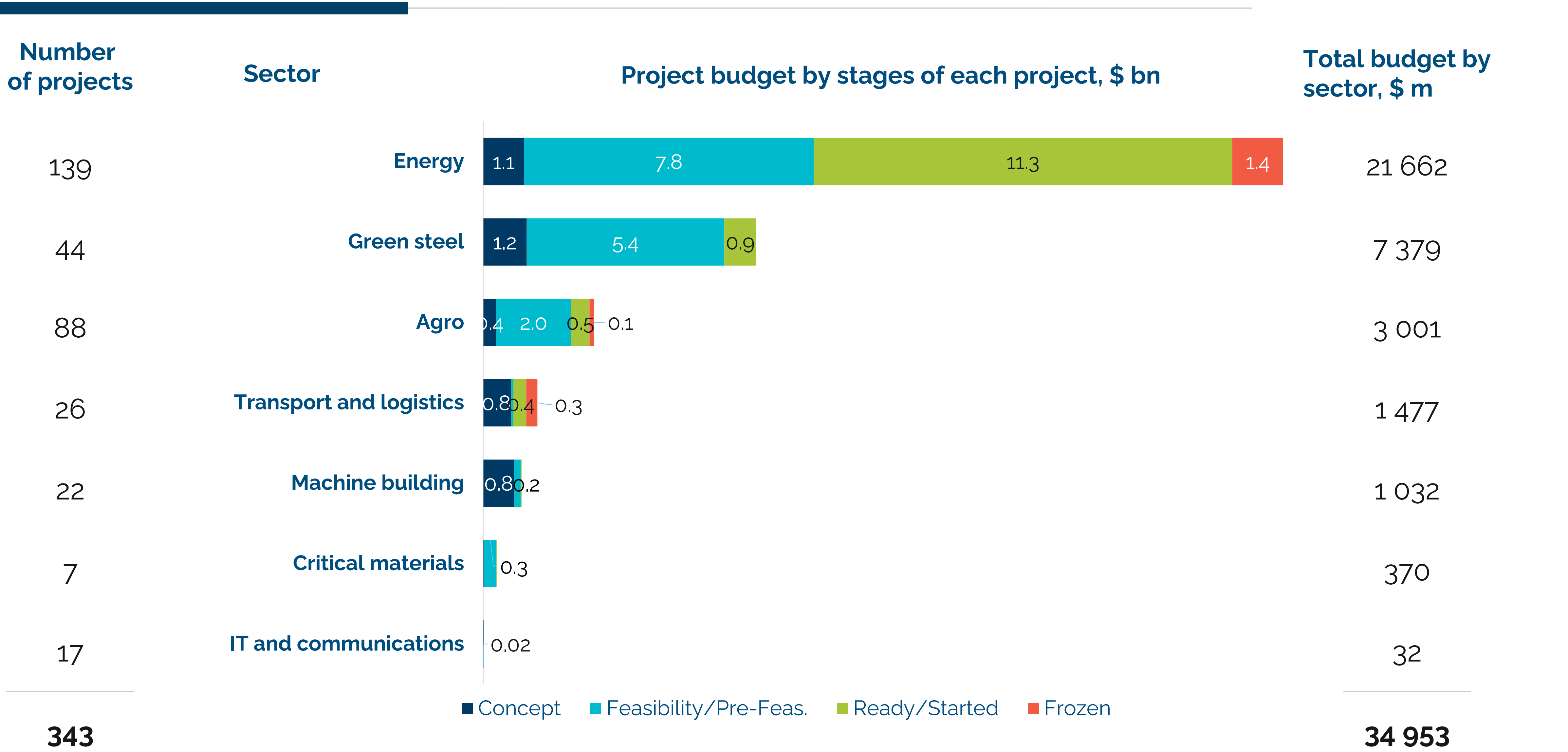
- 3 sectors with highest budgets of investment projects:
 - **Energy – \$21.7 bn** (62%)
 - **Green Steel – \$7.4 bn** (21%)
 - **Agro-industrial complex – \$3.0 bn** (9%)
- **In terms of the number of projects by sector:** Energy – 139, Agro-industrial complex – 88, Green Steel – 44. Transport and Logistics – 26, Machine building – 22, IT and Communication – 17, Critical materials – 7.
- **The average cost of projects by sector:** Green Steel – \$167.7 m, Energy – \$155.8 m, Agro-industrial complex – \$34.1 m, Transport and Logistics – \$56.8 m, Critical materials – \$52.9 m, Machine building – \$46.9 m, IT and Communication – \$1.9 m.
- Projects with a **"Ready/Started" stage of readiness accounted for approximately \$13.1 bn (38% of the total)**. The Energy sector had the largest number of projects at this stage, particularly wind generation projects (\$5.2 bn) and power grid development projects (\$5.9 bn).
- The analysis shows that **12% of projects by budget are in the concept stage**. Notably, the Machine building sector has the highest percentage of projects at this stage (81%), followed by IT and Communications (53%) and Transport and Logistics (52%). Businesses should focus on refining and detailing these projects to prepare for significant investments in the country.

- The Government offers several economic recovery support programs. This includes support for the development of industrial parks, for the development of processing industry, grants for small and medium-sized businesses, “Affordable loans 5-7-9”, financing compensation for the cost of domestically produced agricultural machinery and other programs.
- The most widely used program is "**Affordable loans 5-7-9**", as approximately **90% of new business loans** are provided under this program for financial support of small and medium-sized enterprises (SMEs). According to this program, an entrepreneur has the opportunity to get a loan at a preferential rate of 5%/ 7%/ 9%, and authorized banks subsequently receive from budget fund the compensation of the difference between current market interest rate and preferential SMEs' interest rate.

	Key requirements
Borrower	SME, individual entrepreneur
Priority areas	Agro producers and processing enterprises
Purpose of funding	Investment goals, Financing of working capital
Currency	UAH
Interest rate	• <u>Investment goals</u>: from 5% to 9% (depending on the amount of revenue and the number of newly created jobs by the business entity) • <u>Financing of working capital</u>: 7% (for priority areas), 13% (other than priority areas) Preferential conditions for borrowers who conduct economic activity in a zone of high military risk: • <u>Investment goals</u>: 1% during first two years of lending, 5% thereafter • <u>Financing of working capital</u>: 3%
Loan term	• <u>Investment goals</u>: up to 60 months • <u>Financing of working capital</u>: up to 24 months
Loan amount	• <u>Investment goals</u>: up to UAH 150 M (\$4 M) • <u>Financing of working capital</u>: up to 80% of current assets, but no more than 40% of the client's revenue for the last full year/last 12 months

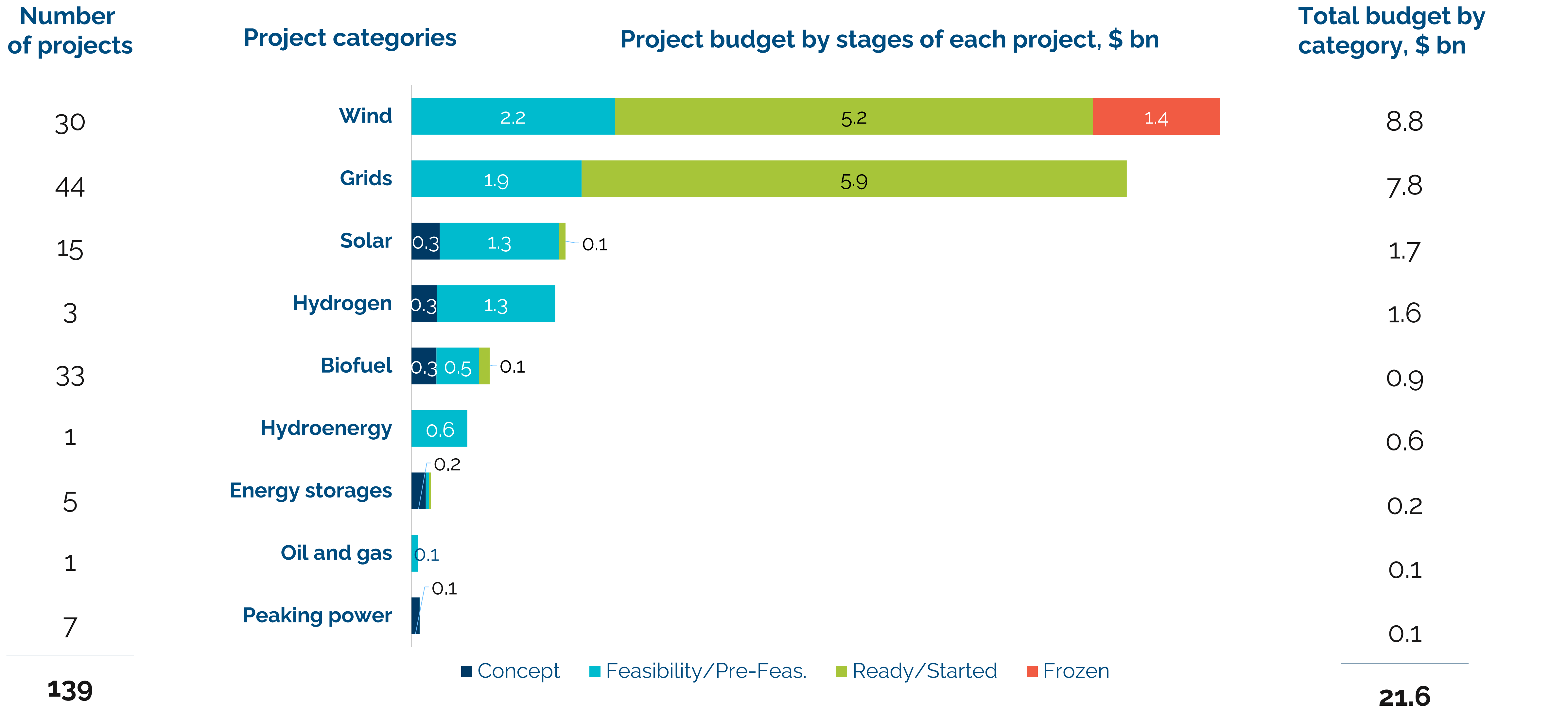
- Large companies that meet the requirements of international financial organizations have the opportunity to receive **exclusive financing** at a lower rate. For example, three international development finance organisations join forces to provide **\$480 million to strengthen Ukraine's agribusiness**, boost global food security, by financing leading food producer MHP to sustain operations, reduce carbon footprint. DFC provides \$250 m, IFC – \$130 m, EBRD – \$100 m.
- International development finance organisations have their own priorities, thus EBRD focuses is on energy security, vital infrastructure, food security, trade and private sector. They have strict requirements for borrowers, limited capacities. Currently, they are **not able to provide mass financing**.
- Involvement of the EBRD in the financing of state support programs for Ukrainian businesses, such as "Affordable loans 5-7-9", or grants to support processing industries and small businesses is under discussion. The EBRD is also helping Ukraine prepare to effectively absorb the vast financing that reconstruction is expected to bring. Together with the European Investment Bank (EIB) and the World Bank, it is helping ministries and agencies **build institutional capacity**, and providing technical assistance.
- Another important issue is **insurance of military risks**. The International Investment Guarantee Agency of the World Bank MIGA insured the first investment project against military risks. The M10 Industrial Park project in Lviv received a guarantee for the amount of up to \$9.1 m. The insurance covers military risks for 10 years. This is a signal not only for new potential investors who are considering investment opportunities in Ukraine. But it is also the first step towards the launch of **the war risk insurance market**.

PRIVATE SECTOR INVESTMENT PROJECTS TOTALLING \$35 BN



ENERGY SECTOR (1/2).

DECLARED INVESTMENT PROJECTS – \$21.6 BN



ENERGY SECTOR (2/2).

INVESTMENT PROJECT EXAMPLES

Investments in the energy sector received from businesses **are mostly aimed at developing renewable energy sources, modernizing and upgrading the grid system, and hydrogen and biofuel development.**

Development of wind energy **\$8.8 bn**

- Construction of small and large-scale wind farms all over the country with a total capacity of ~6 GW

Development of solar energy **\$1.7 bn**

- Installation of small and large-scale solar panels with a total capacity of ~2 GW, where 50% of declared capacity is allocated for green metallurgy development

Development of hydroenergy **\$0.6 bn**

- Construction of 500 MW hydropower plant for green steel production

Development and modernization of grid system **\$7.8 bn**

- Automatization, digitalization, including smart metering, and installation of cyber security measures
- Reconstruction of existing grids for improved resilience and efficiency
- Overall grids modernization and development initiatives
- All received projects are primarily focused on the Kyiv, Odessa and Dnipro regions

Development of energy storages **\$0.2 bn**

- Construction and installation of small-scale energy storages with a total capacity of ~85 MW

Hydrogen development **\$1.6 bn**

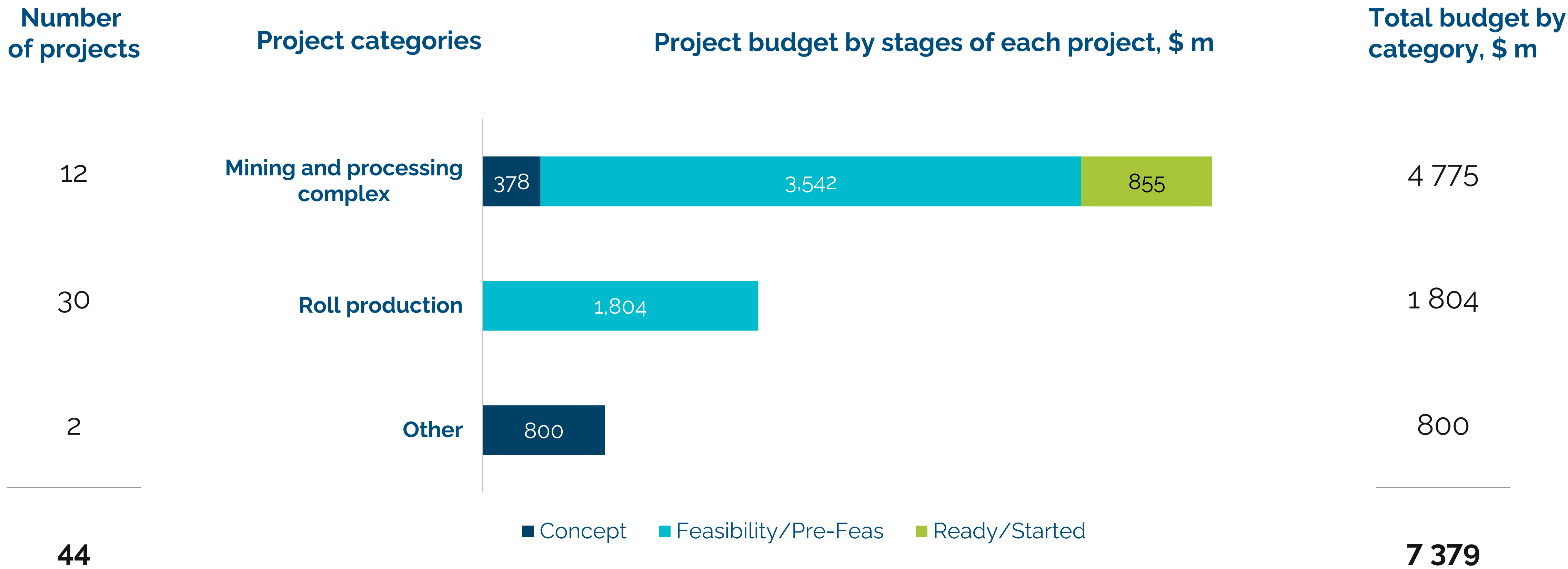
- Creation of green hydrogen and ammonia valley in Ukraine
- Hydrogen development for green steel production

Biofuel development **\$0.9 bn**

- Construction of various plants to produce biomethane, biogas, and bioethanol using agricultural waste as a main resource

GREEN STEEL (1/2).

DECLARED INVESTMENT PROJECTS - \$7.4 BN



GREEN STEEL (2/2).

INVESTMENT PROJECT EXAMPLES

Investments in the green steel received from businesses **are mostly aimed at the development of production with reduced carbon emissions, implementation of technologies and production of value-added products**

Modernization of the gas purification system **\$272 m**

- Reduction of emission standards:
 - Dust from 2500 mg/nm³ to 20 mg/nm³
 - Nitrogen oxide from 3000 mg/nm³ to 300 mg/nm³
 - Sulfur dioxide no more than 190mg/nm³

Complex for the production of "green" briquettes **\$207 m**

- Reduction in the production of emissions of solid particles and gases
- Excluding the use of water in the production of raw materials
- Reduction of CO₂ emissions in steel by 10%

Construction of electric furnaces **\$1.1 bn**

- Replacement of Matryniv steel production with electric arc smelting
- Production of low-carbon steel from scrap metal and DRI/HBI
- Creation of more than 900 new jobs and 3 700 in related industries

Production of DR-class pellets on mining plants **\$1.4 bn**

- Enrichment of iron ore (flotation) and from the production of DR-class pellets
- Increase in value added by more than 1.5
- Creation of more than 800 new jobs

Introduction of Midrex Flex technology **\$875 m**

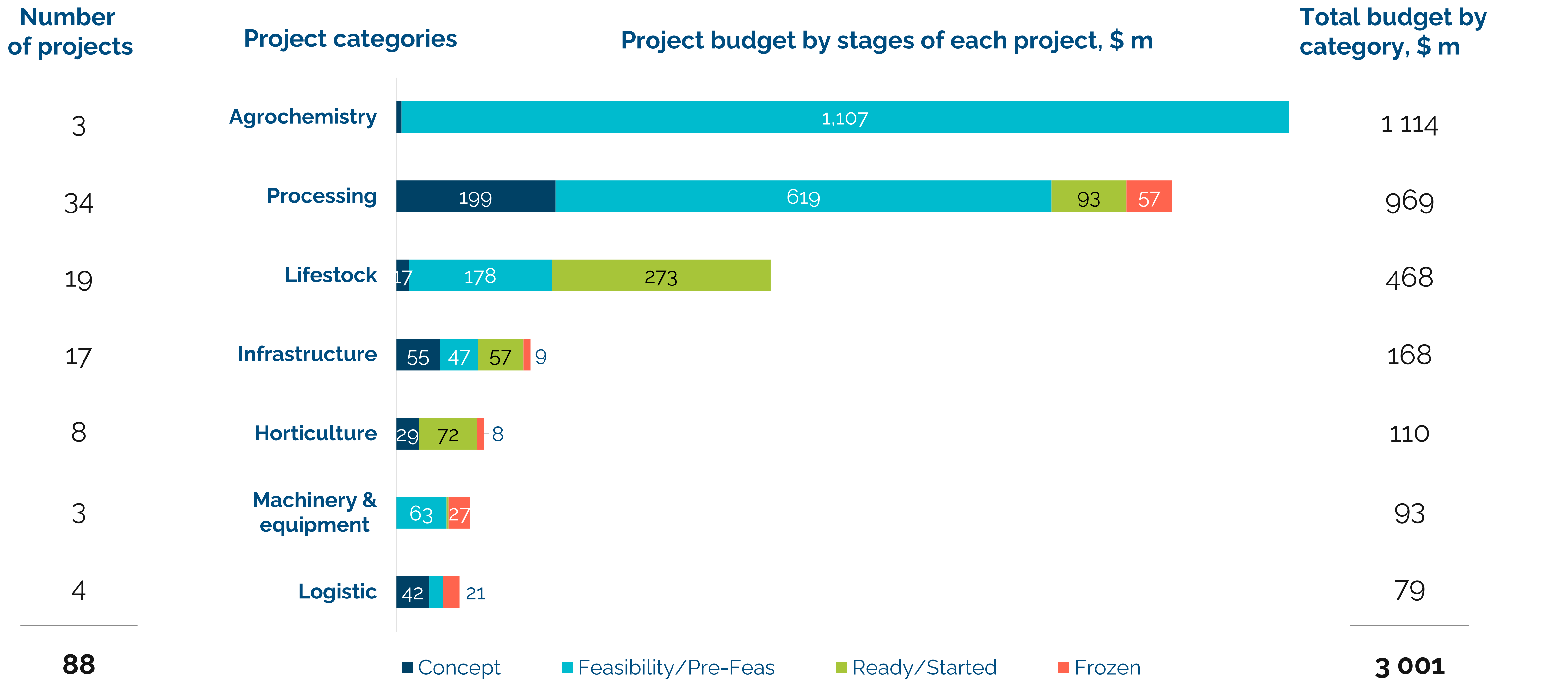
- Ensuring the flexibility of working with different ratios of gas and hydrogen
- 100% of hydrogen utilization
- Reduction of carbon emissions compared to the conventional method of production in coke ovens and blast furnaces.

Transition from sludge storage to dry storage **\$218 m**

- Reducing the impact on the environment and the use of resources
- Reduction of water consumption in technology up to 20%

AGRO-INDUSTRIAL COMPLEX (1/2).

DECLARED INVESTMENT PROJECTS - \$3 BN



AGRO-INDUSTRIAL COMPLEX (2/2). INVESTMENT PROJECT EXAMPLES

Investments in the agro-industrial sector received from businesses **are mostly aimed at the development of storage volumes of grain products, modernization and renewal of the production of products with added value**

Construction of an elevator complex in Kordelivka **\$43 m**

- Construction of elevator complex with 110 000 tones storage capacity
- Increasing storage volumes in the region

Construction of facilities for the “green” production **\$328 m**

- Construction of a number of facilities for the production of ready-made food products that meet ESG standards
- Increasing export of the production of finished food products that meet the standards of international markets

Construction of a chicken processing complex **\$250 m**

- The project provides construction, and modernization of assets for the production of chicken products
- Creation of more than 3.000 new jobs
- Transition from a raw material base to increased generation due to added value and quality of food production

Development of fertilizers with a low carbon **\$13 m**

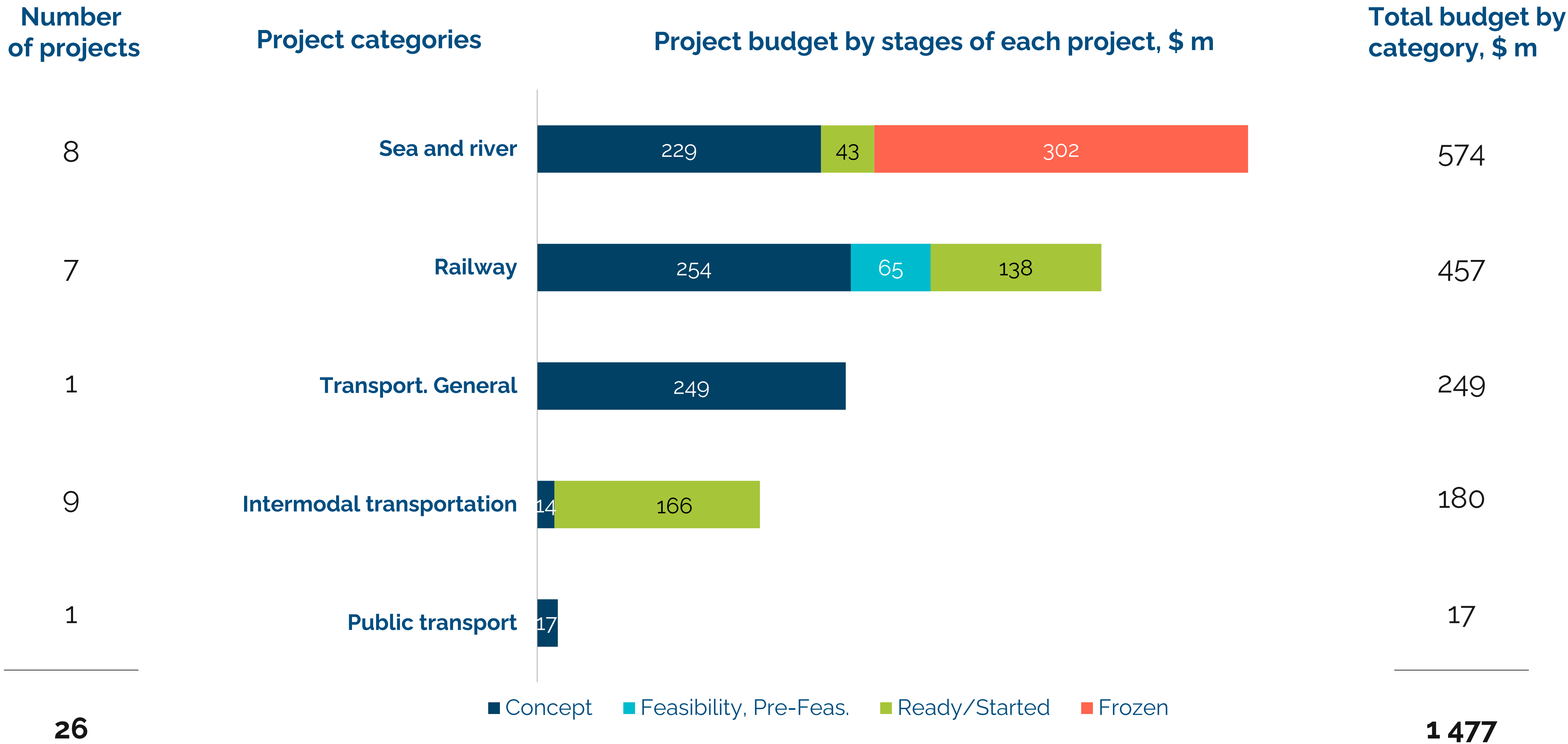
- Obtaining a complex fertilizer with an increased nutrient utilization rate
- Increasing environmental safety standards

Construction of a soybean meal processing plant **\$76 m**

- The project provides the construction of a soy protein concentrate plant
- Potential possibility of biogas production

TRANSPORT AND LOGISTICS (1/2).

DECLARED INVESTMENT PROJECTS - \$1.5 BN



Investments in transport infrastructure **are aimed at increasing the capacity of logistics routes**

Development of the infrastructure of the seaport Izmail **\$109 m**

- Construction of a platform with a berth for storage and loading/shipping in a barge
- Increase in export potential

Construction of the Fastiv container terminal **\$16 m**

- Container yard with simultaneous storage of 1000 TEU
- Indoor warehouse of 4800 m³
- Railway infrastructure with a length of 2 km of track 1520

Construction of the industrial park M10 Lviv Industrial Park **\$117 m**

- Construction of 139.3 thousand square meters of new modern production and logistics space for economic agents of the Ukrainian economy
- Creation of more than 1.500 new jobs
- Ensuring receipt of about UAH 130 m in taxes to the budgets of all levels in the year of completion of the project

Construction of a grain / oil terminal in the port **\$120 m**

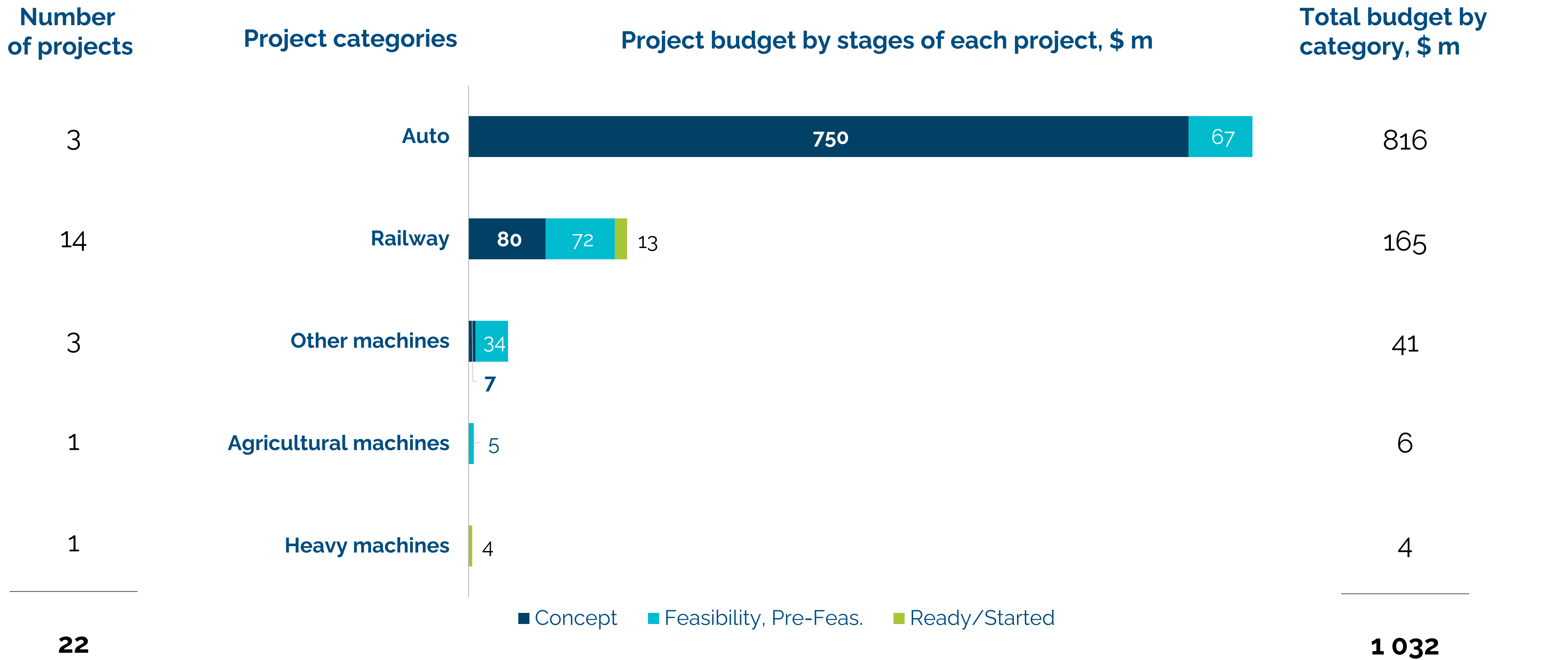
- Simultaneous storage capacity: 100 thousand tons of grain and 40 thousand tons of oil
- Annual cargo turnover: 5 m tons of grain and 0.5 m tons of oil

Expansion of the railway station Zolotnyshne **\$21 m**

- Increasing the capacity of the station from 12 to 24 million tons of cargo per year
- Increase in export potential

MACHINE BUILDING (1/2).

DECLARED INVESTMENT PROJECTS – \$1 BN



MACHINE BUILDING (2/2).

INVESTMENT PROJECT EXAMPLES

Investments in the machine build sector **are aimed at developing other sector economic**

Construction plant for the production of tracks **\$169 m**

- Production of trucks on the basis of the existing plant
- Construction period – 7 years
- Payback period – 11 years

Construction plant for the production of solar panels **\$20 m**

- Production of modern ultra-light solar panels
- Construction period – 1 year
- Payback period – 3 years

Increasing production of elevator equipment **\$10 m**

- Production of equipment for a 30% of domestic market
- Construction period – 2 years
- Payback period – 4 years

Construction plant for the production of railway wheels **\$144 m**

- Construction plant in the composition of: thermal unit, machining units, assembly and testing sub-unit
- Construction period – 2 years
- Payback period – 3 years

Construction plant for the production of accumulators **\$14 m**

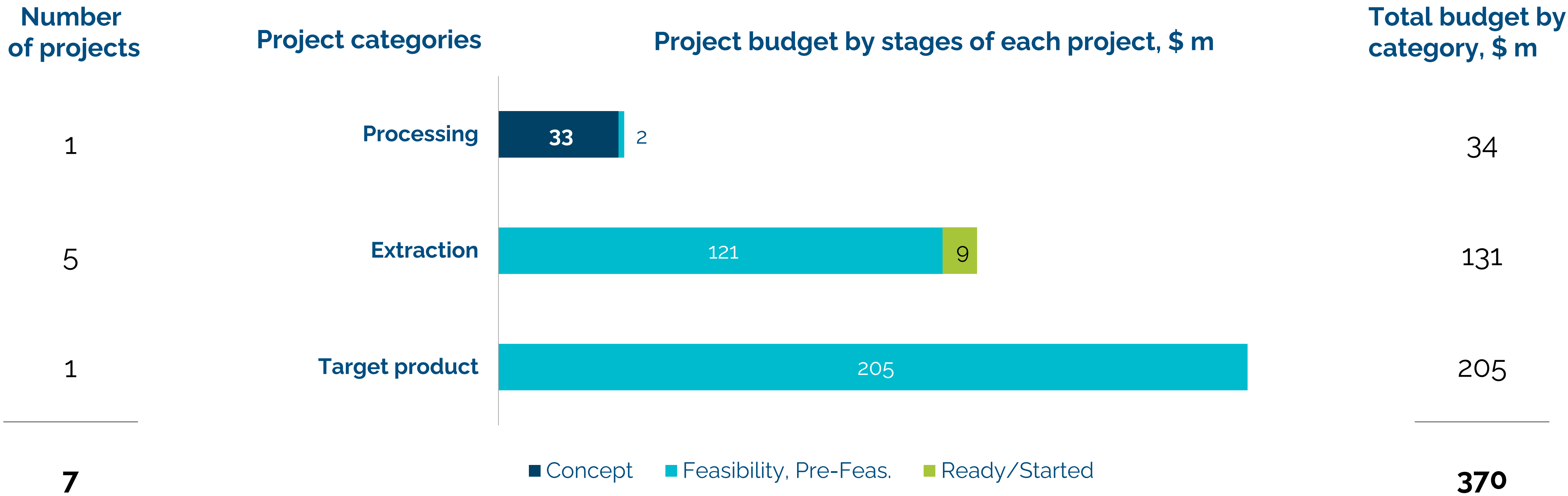
- Production of accumulators according to Absorbent Glass Mat technology
- Construction period – 1.5 year
- Payback period – 3 years

Production of wastewater treatment equipment **\$7 m**

- equipment for: primary clarifiers, aerobic biological treatment, sludge treatment, regulating valves
- Construction period – 2 years
- Payback period – 4 years

CRITICAL MATERIALS (1/2).

DECLARED INVESTMENT PROJECTS – \$370 M



CRITICAL MATERIALS (2/2).

INVESTMENT PROJECT EXAMPLES

Investments in the critical materials sector **are aimed at developing greenfield projects**

Construction of mine for graphite extraction (Stage 1)

\$121 m

- Production of graphite 100 thsd tons per year
- Construction period – 3 years
- Payback period – 5 years

Construction plant of recycling military equipment

\$33 m

- Recycle alloy steel scrap
- Construction period – 2 years
- Payback period – 4 years

Construction plant for processing graphite (Stage 2)

\$202 m

- Production of spherical graphite 20 thsd tons per year
- Construction period – 1 year
- Payback period – 3 years

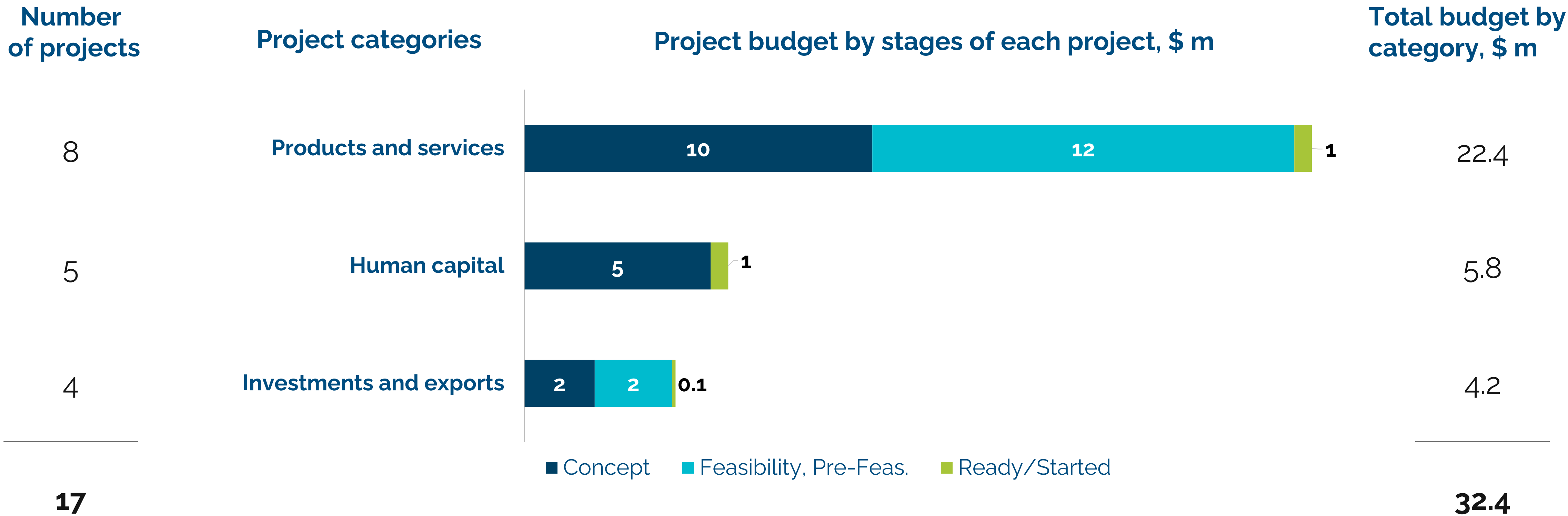
Construction of a basalt production plant

\$13 m

- Production of basalt fiber and composite materials
- Construction period – 1 years
- Payback period – 2 years

IT AND DIGITALIZATION (1/2).

DECLARED INVESTMENT PROJECTS – \$32 M



IT AND DIGITALIZATION (2/2).

INVESTMENT PROJECT EXAMPLES

Investments in digital transformation, innovations and human capital development **has potential to boost the IT sector and economy as a whole**

A digital platform to ensure a green transition **\$10.9 m**

- Ensure sustainable development in key sectors of the economy. Raises the level of cooperation with business in EU countries
- Implementation period – 3 years
- Payback period – 5 years

Development of digital product passports **\$6.3 m**

- Development of this kind of IT products is part of the directive on Eco-design of products.
- Accelerate the transition to circular economy, boosting material and energy efficiency, extending products lifetimes.

A platform to integrate veterans **\$1.3 m**

- Integrate military veterans into civilian life by placing them in a new workplace with the help of a psychological therapist.
- Helps in changing professions and transitioning to IT

A platform to connect AI businesses with human capital **\$1.5 m**

- Help AI business to complete tasks, that cannot be automated
- Provide an easy entry into IT for people with very limited experience
- The IT sector receives a large number of short-term workers

Crowdfunding platform for blockchain innovation **\$1.1 m**

- Ukraine will get its own effective fund-raising tool: innovative projects will receive funding at the initial stages from crowdfunding, both international and Ukrainian users.
- Implementation period – 3 years
- Payback period – 1.3 years

A pre-order mobile application **\$1.1 m**

- Operates of international trade operations (export/import).
- Facilitates accounting and payment of customs payments for customers and control for the state.
- Solves the problem of overproduction
- Meets Industry 5.0 standards