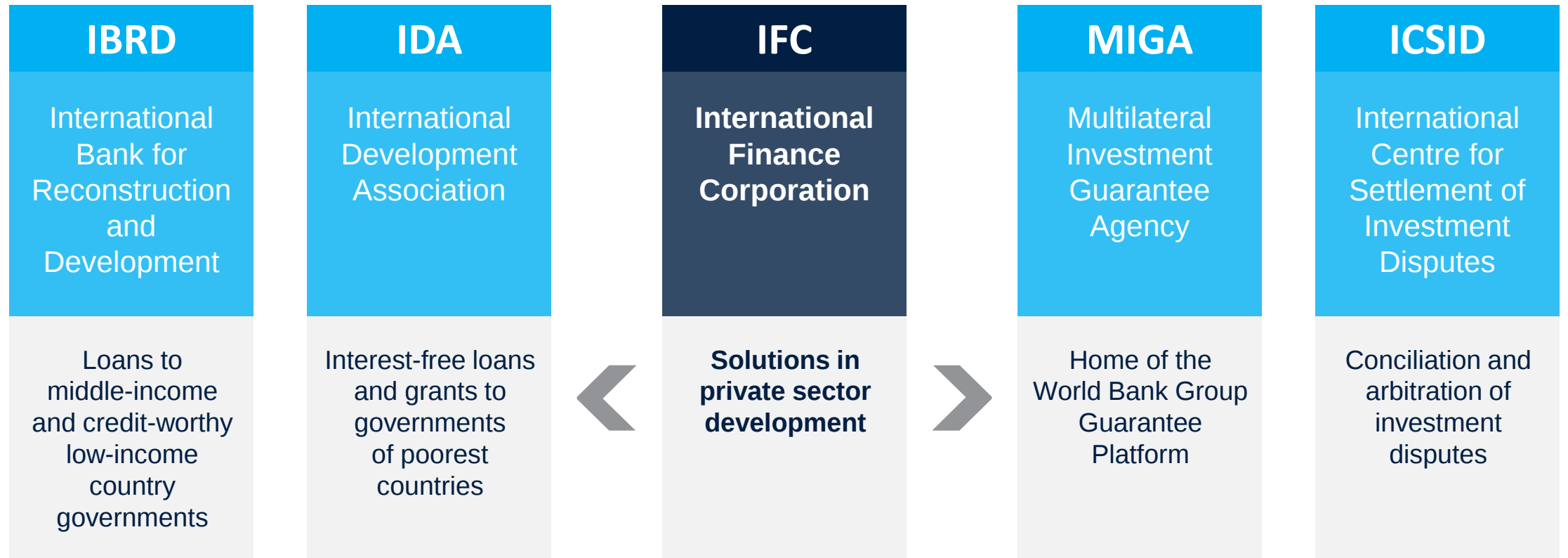


IFC's Economic Resilience Action (ERA) Program for Ukraine



IFC: A MEMBER OF THE WORLD BANK GROUP



PRIVATE SECTOR CHALLENGES

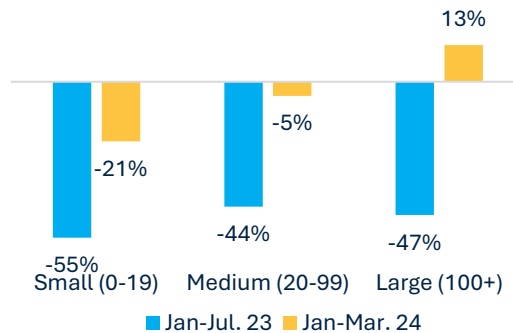
Despite its resilience, fragility persists in the private sector

The private sector has shown remarkable resilience. Relatively few firms have permanently shut down. Many firms have adapted, e.g. by investing in their own power supply. The corporate demand for loans, incl. for CAPEX, has increased in 2024.

Many firms, especially SMEs, remain severely affected. The 2022 drop in sales started to reverse in early 2024 for large firms, but not for SMEs. In Q1 of 2024, surviving firms still had a ~30% chance to fall into arrears.

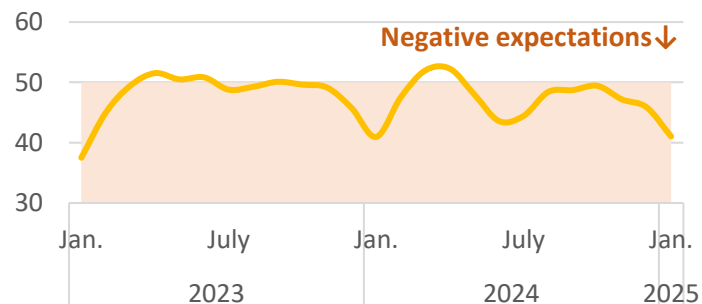
Major business constraints include security risk, staff shortages, power outages, rising input costs and wages, supply chain disruptions, etc. In recent months, business expectations have worsened across sectors.

Change in sales over past year



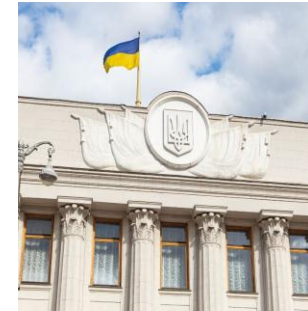
Source: World Bank

Business expectation index (NBU)



The private sector can drive recovery, reconstruction and long-term growth, but this requires a conducive investment climate

Private investment is crucial, but remains too low. Public investment will only meet a small share of needs. FDI has a key role to play but is still low and needs to diversify in more productive sectors. Domestic private investment also needs to grow.



Reforms are needed to address **binding investment climate constraints**, including:

- Competition and SOE reforms
- Governance
- Access to finance
- Infrastructure quality
- Business regulations
- Sector-specific policy and regulations

Ukraine's EU integration is a long term prospect but holds major promise for private sector-led growth. Policy/regulatory alignment will foster investment.

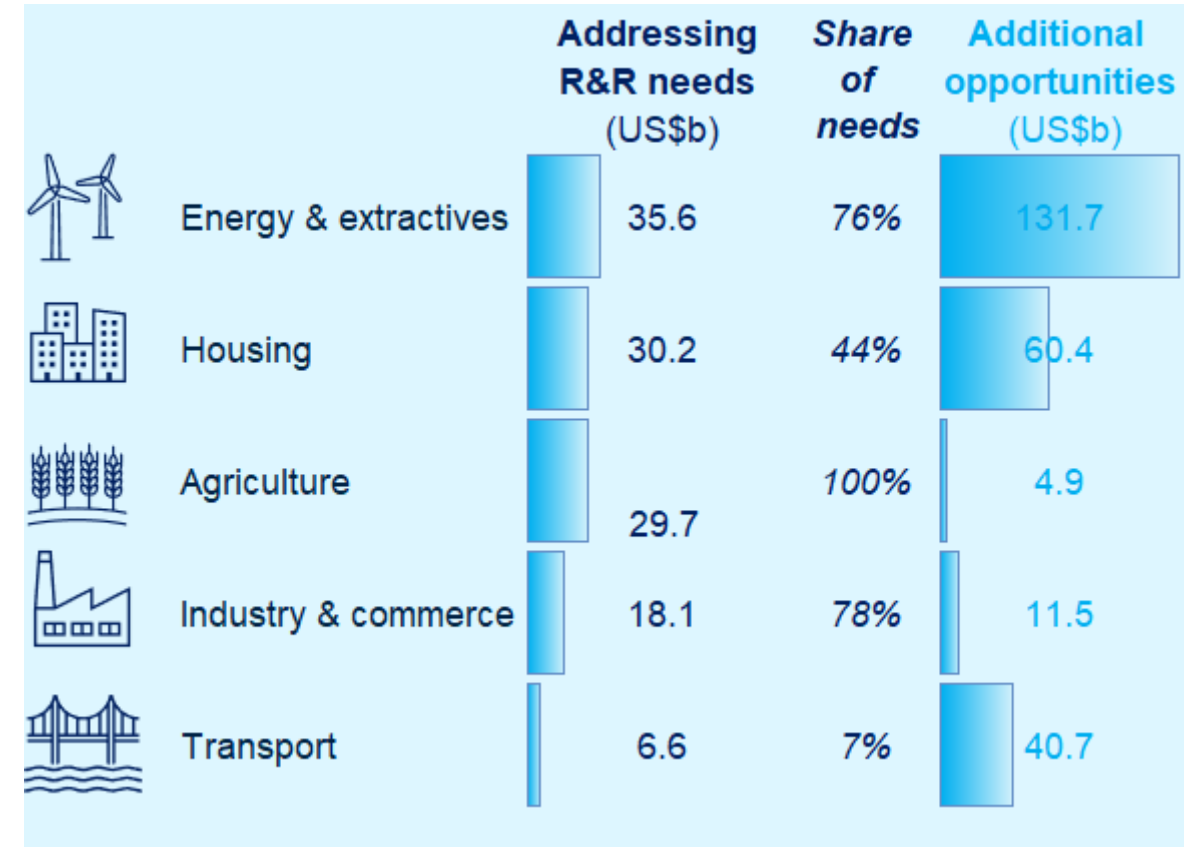


OPPORTUNITIES FOR A PRIVATE SECTOR-DRIVEN GREEN AND RESILIENT RECONSTRUCTION

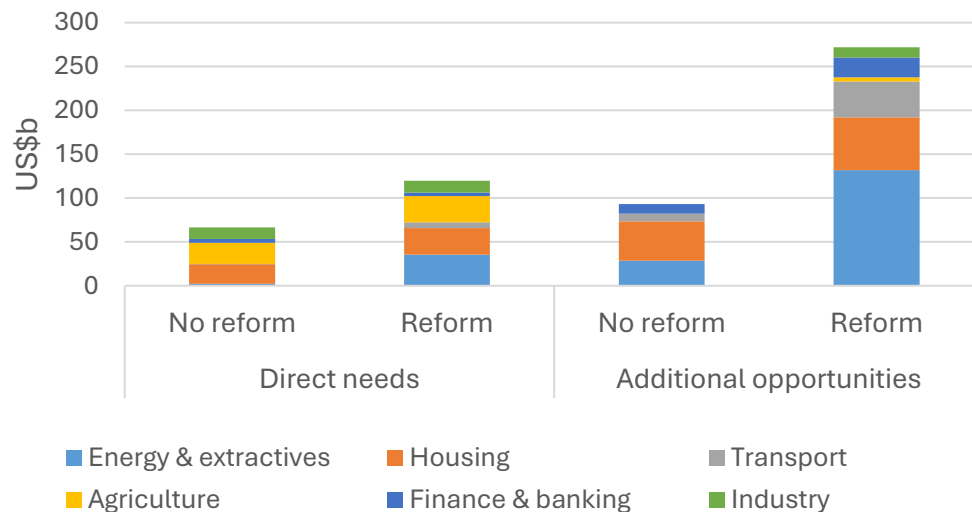
IFC's **PSO report** (Oct. 2023) shows that, with pro-competition reforms and deeper EU integration, over the next decade the private sector could finance:

- **Up to 1/3 of recovery & reconstruction needs**
- **Additional \$282 billion in investment** supporting Ukraine's modernization, sustainability and competitiveness

PSO estimates are based on damages and reconstruction needs figures from RDNA2 (as of Feb. 2023) → The opportunities have likely increased since



Private sector opportunities with and without reforms



IFC'S PROGRAM: SUPPORTING RESILIENCE and INCLUSION

PRIORITY SECTORS

Housing & Construction Materials



\$83+ Billion in reconstruction needs (RDNA4)

Transport, logistics and trade



\$77+ Billion in needs (RDNA4)

Energy



\$67+ Billion in needs (RDNA4)

Finance and Banking



\$2+ Billion in reconstruction needs (RDNA4)

Up to 1/3 of reconstruction needs can be covered by private sector

Agribusiness



\$55+ Billion in needs (RDNA4)

- **Housing, Energy, Transport & Logistics:** Key priorities for reconstruction by Ukraine's government.
- **Agribusiness:** Remains a priority sector as it supports exports and brings in hard currency.
- **Financial Sector:** Plays a vital role in maintaining economic stability and resilience.

IFC WILL BE UKRAINE'S STRATEGIC PARTNER, ENSURING PRIVATE SECTOR PLAYS A KEY ROLE IN ECONOMIC RECOVERY AND RECONSTRUCTION DURING AND POST-INVASION

Focus: Increasing capex investments, bolstered by IFC's strategic advisory role, to enhance private sector engagement

PRIORITY AREAS

Critical Sectors & Supplies



Financial Services

Financial Services & Credit Infrastructure
Distressed Asset Resolution
Digital Financial Services, incl. for Displaced Persons



Agriculture

Support of agrifood processing and agri commodity trade



Industry

Support the production of construction materials



Energy

Development of renewable energy, including wind and solar

Vital Infrastructure



Transport

Public Transport
Railroad, Ports, Roads
Logistics incl. Intermodal Terminals & Distribution Centers



Telecom

Development of telecom market

Displaced & Municipalities



Housing

Support the development of Ukraine's housing strategy along with financial models to revitalize mortgage market (aimed for post-invasion period)

IFC's support for private sector since invasion

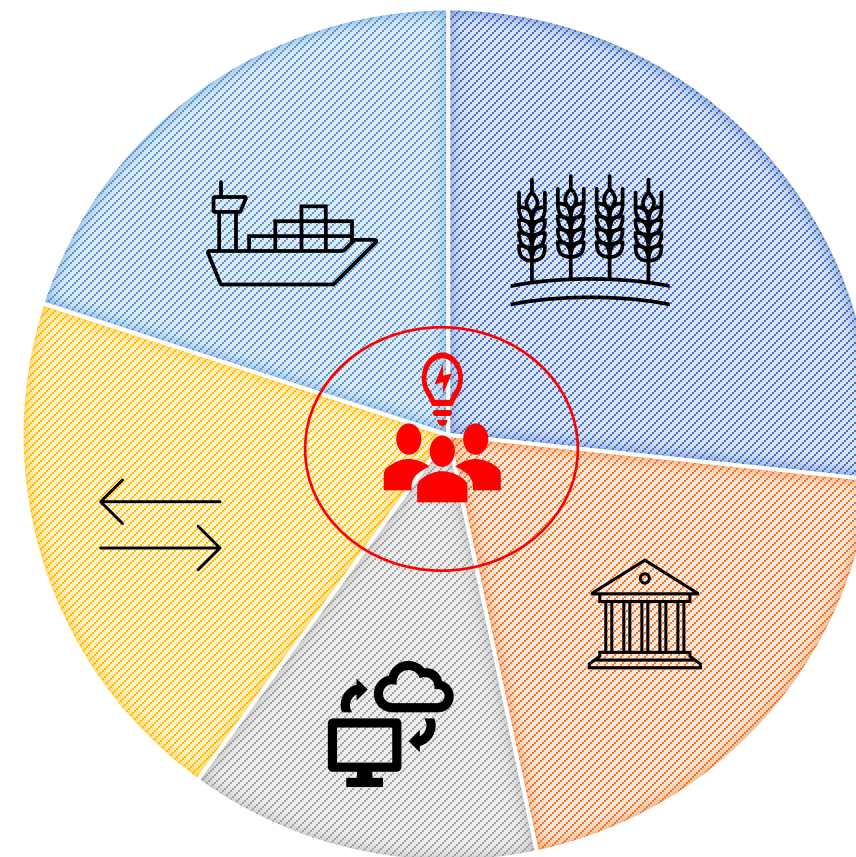
Around \$2.2 billion, incl. own commitments & mobilization

Investment

- Risk-sharing facilities with financial intermediaries to support SMEs
- Guarantees & working capital across sectors
- Capex support to support corporates
- Long-term financing and equity investments

PRIORITY SECTORS

■ Agriculture ■ Finance & Banking ■ Tech ■ Trade ■ Transport ■ SMEs



Upstream

(Investment project preparation work)

- Recovery of agribusiness value chains & developing value-added agri processing
- Improving alternative trading routes for food commodities
- Preparing modular solar energy solutions
- Modernization options for river transport fleet
- Introduction of asset-based finance solutions for SMEs

Advisory

- SMEs access to finance
- Access to finance for forcibly displaced/refugees
- Work with municipalities on housing for internally displaced people and residential stock repairs
- Development of Fintech market
- PPPs in infrastructure, energy, and social sectors

Analytical work

- Comprehensive analytical work to identify key policy measures to unlock private sector opportunities for Ukraine's reconstruction

Investment projects | Agriculture

\$69 million to support global agri trader for Ukraine's operations



\$5 million investment to support reconstruction of the agri plant



\$130 mn investment to help MHP, Ukraine's leading poultry producer, sustain productivity and expand its waste-to-energy plant (*enabled by FCDO support*)



Investment projects | Finance, Banking, Trade

\$145 million to boost leasing market



\$264 million in five RSFs with the Ukrainian FIs to support SMEs and midcaps in Ukraine



\$600 million in guarantees to support exports and imports of essential goods and grains



Investment projects | Tech

\$60 million equity investment in Horizon to support fast-growing tech companies in Ukraine and Moldova



\$5.5 million investment in Preply, on-line language school



\$5 million investment in Miratech, software producer



Investment projects | Critical infrastructure

\$217.5 million long-term debt to enhance telecom network resilience and improving digital connectivity across Ukraine



€60 million long-term debt to finance 147 MW greenfield onshore wind power facility



Current program | Advisory & Upstream projects

Agriculture



Agri Resilience Program

Comprehensive analysis of agrifood value chains | Assistance in developing bankable investment projects in sustainable farming, value-added food processing and agri commodities trade

Agriculture Capital Markets Project

Promotion of Electronic Crop Receipts to improve smaller farmers' access to finance and provide a secure asset class for investors

Energy & Extractives



Joint work with IBRD on identifying key reforms to enable investments in renewables

Financing & Banking

Digital Financial Services

Support with reforms implementation in digital finance and FinTech

Transport



Private sector engagement for **modernization of the Danube Shipping Company**

Key advisory role in PPP project for **modernization of the Chornomorsk port**

Social sectors

Development of the **PPP** model for modernization of the specialized children's medical rehabilitation center



In April 2024, Japan contributed \$6.495 million to promote economic growth and reconstruction of the private sector in Ukraine. In August 2024, \$5 million was transferred to the Ukraine ERA blended finance program, and ~\$1.5 million was made available for advisory/upstream projects.

Pipeline for Japan's Blended Finance contribution to Ukraine ERA

Equity investment in VC Fund to support early-stage tech companies	This would be the first investment in a Ukrainian VC fund (with min. 50% of projects to be in Ukraine*) – it aims to demonstrate the viability of pre-seed to seed stage venture capital and send a strong signal to improve market competitiveness	~\$3M
IFC is also monitoring several pipeline leads in line with Japan's preference to support Healthcare and Disruptive Technologies.		~\$2M



**The regional approach helps the fund diversify beyond Ukraine and help encourage other investors to invest in Ukraine.*

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Thank you



IFC

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