



# Private Sector Opportunities for a Green, Resilient Reconstruction in Ukraine

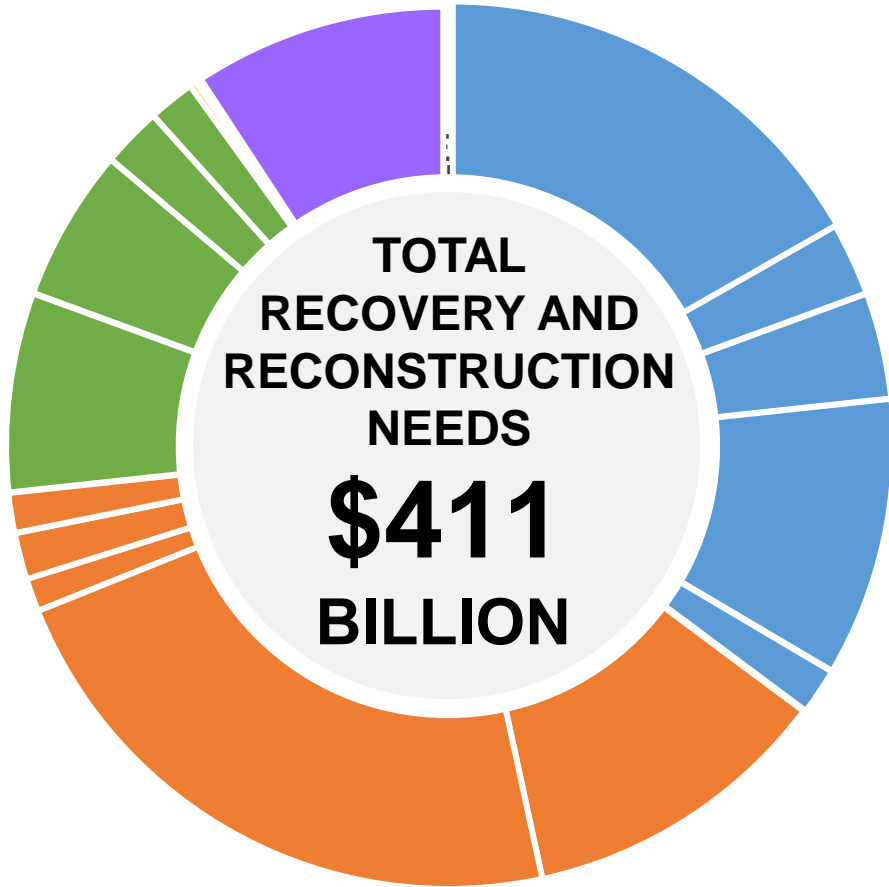


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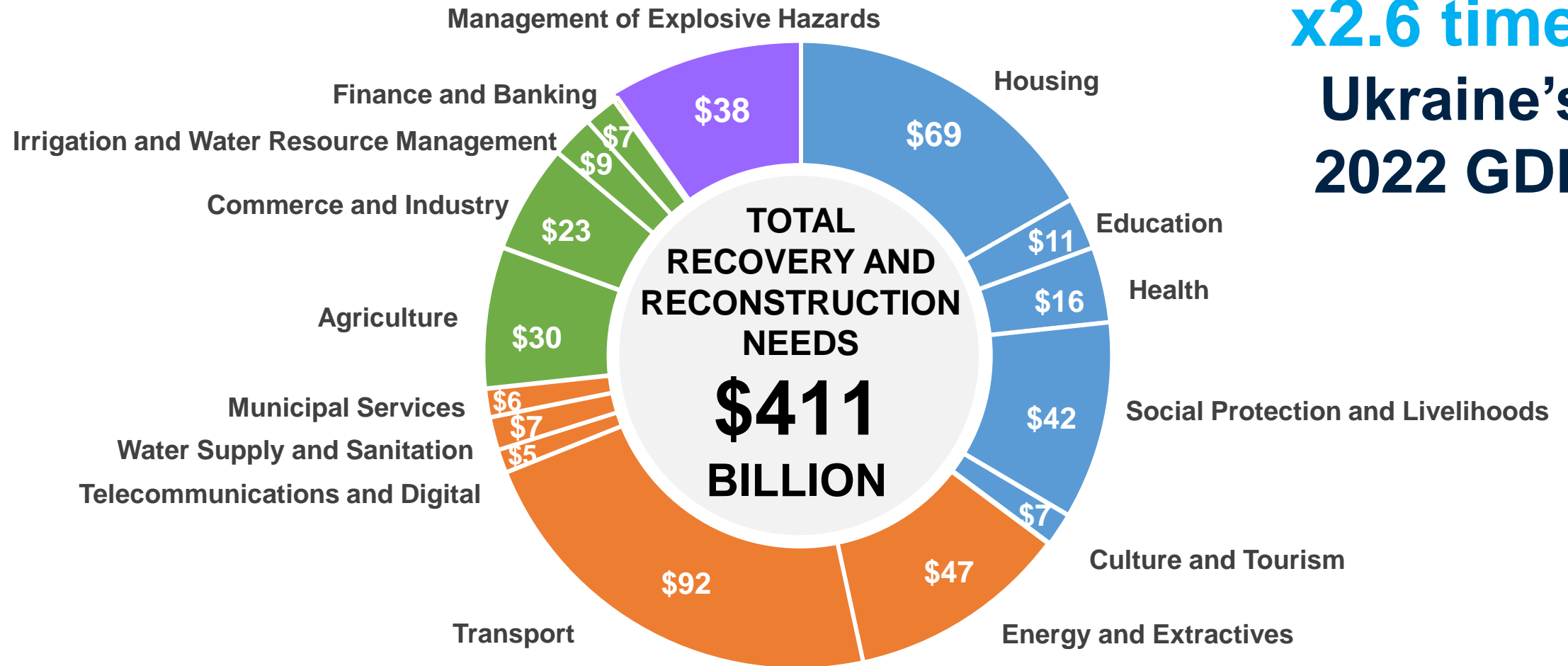
**UKRAINE'S RECONSTRUCTION NEEDS ARE TREMENDOUS, AND GROWING AS THE INVASION CONTINUES**



Source: Rapid Damage Needs Assessment (RDNA) 2.  
Needs relate to total estimated needs covering the period 2023–2033; as of March 2023



# UKRAINE'S RECONSTRUCTION NEEDS BY SECTOR



**x2.6 times**  
**Ukraine's**  
**2022 GDP**

Source: Rapid Damage Needs Assessment (RDNA) 2.  
Needs relate to total estimated needs covering the period 2023–2033; as of March 2023



## TWO SCENARIOS FOR PRIVATE SECTOR PARTICIPATION



The report explores the potential for private capital mobilization across two scenarios—with and without reforms — and outlines the key reforms and interventions that could help Ukraine maximize private financing for reconstruction.

### NO REFORM SCENARIO

In absence of major reforms private sector continues to invest with the same dynamics as in 2021



### REFORMS AND INTERVENTION

The Ukrainian government takes a proactive stance and accelerates economic reforms, sector-specific interventions, while deepening EU integration

## THE REPORT CONSIDERS TWO SCENARIOS OF PRIVATE SECTOR PARTICIPATION

### NO-REFORM SCENARIO

In absence of major reforms private sector continues to invest with the same dynamics as prior to the invasion



### REFORMS AND INTERVENTION


The Ukrainian government takes a proactive stance and accelerates economic reforms, sector-specific interventions, while deepening EU integration

### Limitations

- Reforms alone will not be sufficient to mobilize estimated private financing
- Other factors influencing investment decisions: security situation, labor supply, macroeconomic management
- Top-down approach to private sector financing projections

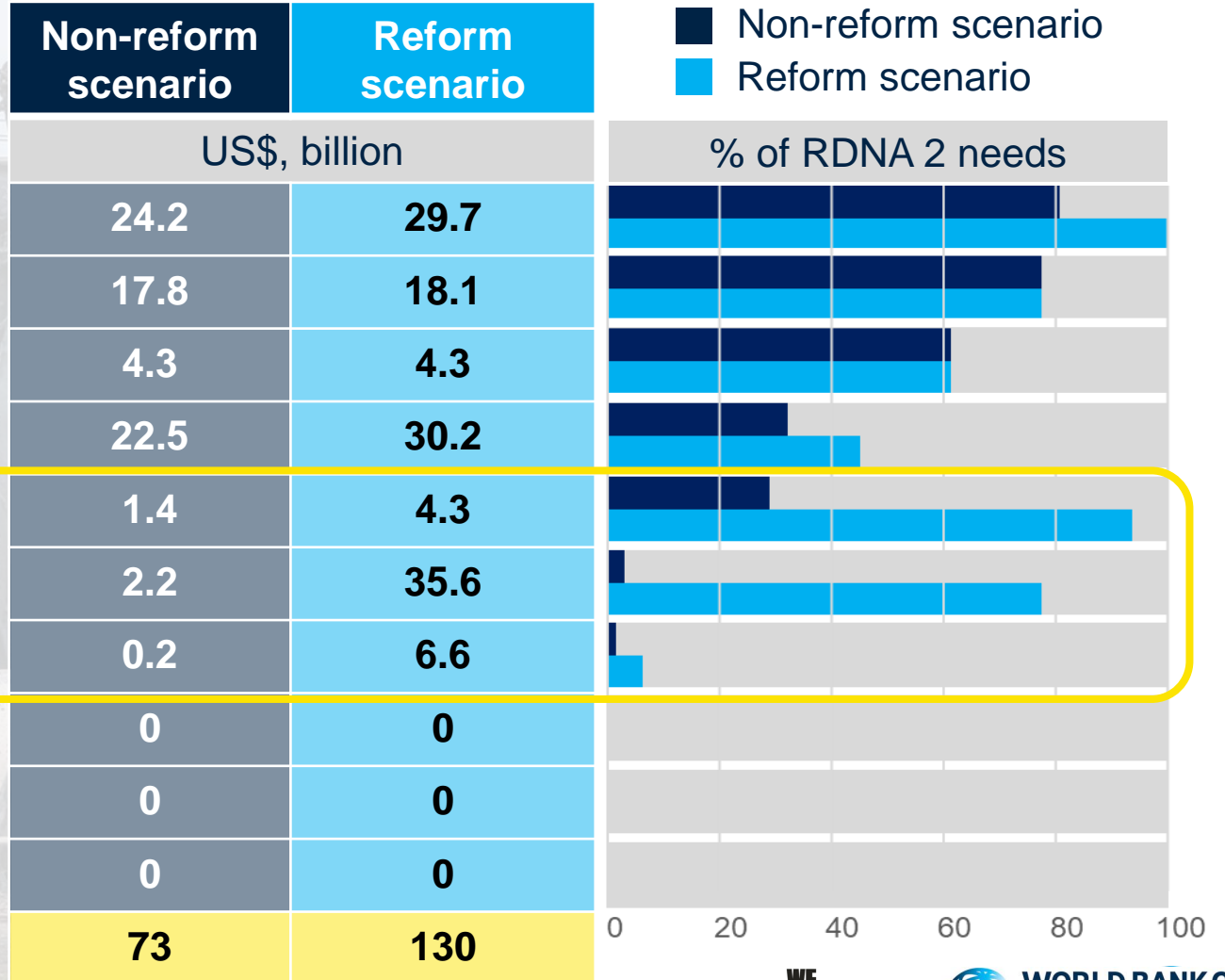


## PRIVATE SECTOR CAN ADDRESS A THIRD OF RDNA2 NEEDS, SUPPORTED BY REFORM AGENDA

Addressing RDNA2 needs	Non-reform scenario	Reform scenario
	US\$, billion	
Agriculture	24.2	29.7
Industry and commerce	17.8	18.1
Finance and banking	4.3	4.3
 Housing	22.5	30.2
Telecom	1.4	4.3
Energy & extractives	2.2	35.6
Transport	0.2	6.6
Health	0	0
Education	0	0
Water & Sanitation	0	0
<b>Total</b>	<b>73</b>	<b>130</b>

# PRIVATE SECTOR CAN ADDRESS A THIRD OF RDNA2 NEEDS, SUPPORTED BY REFORM AGENDA

## Addressing RDNA2 needs



## REFORMS GENERATE SIGNIFICANT ADDITIONAL OPPORTUNITIES FOR PRIVATE SECTOR INVESTMENT

*BEYOND RECONSTRUCTION NEEDS*

	US\$, billion	
Agriculture	4.9	
Industry and commerce	11.5	
Finance and banking	22.7	
Housing	60.4	
Telecom	4.8	
Energy & extractives	131.7	
Transport	40.7	
Education	0.3	Reforms can kick off private investment opportunities for social sectors
Health	0.2	
Water & Sanitation	0.3	







## EXAMPLES OF COMMON REFORMS AND INTERVENTIONS ACROSS SECTORS

Adjustment of **price controls**

Actions to increase **private sector access to state assets**, e.g. concessions or privatization of SOEs

**Public investment** to increase private sector engagement

Actions to strengthen **capacity of public institutions** that support private sector competitiveness

**Pilot projects** to test private sector participation, e.g. PPPs in health or education sectors

# TRANSPORT



RDNA2 needs

RDNA2 needs + additional opportunities

**\$0.2  
BILLION**

with policy actions



**\$47  
BILLION**

## SELECTED REFORMS & INTERVENTIONS:

- Deregulate **UZ** and introduce competitive markets
- Increase private sector engagement in **river transport**, particularly in the Danube ports and concession of ports
- Introduce PPPs in **road sector**
- Renew and **electrify public transport** fleet
- Optimize **airport network** and create concession agreements for airports



## ENERGY AND EXTRACTIVES

RDNA2 needs

**\$2.2  
BILLION**

with policy actions



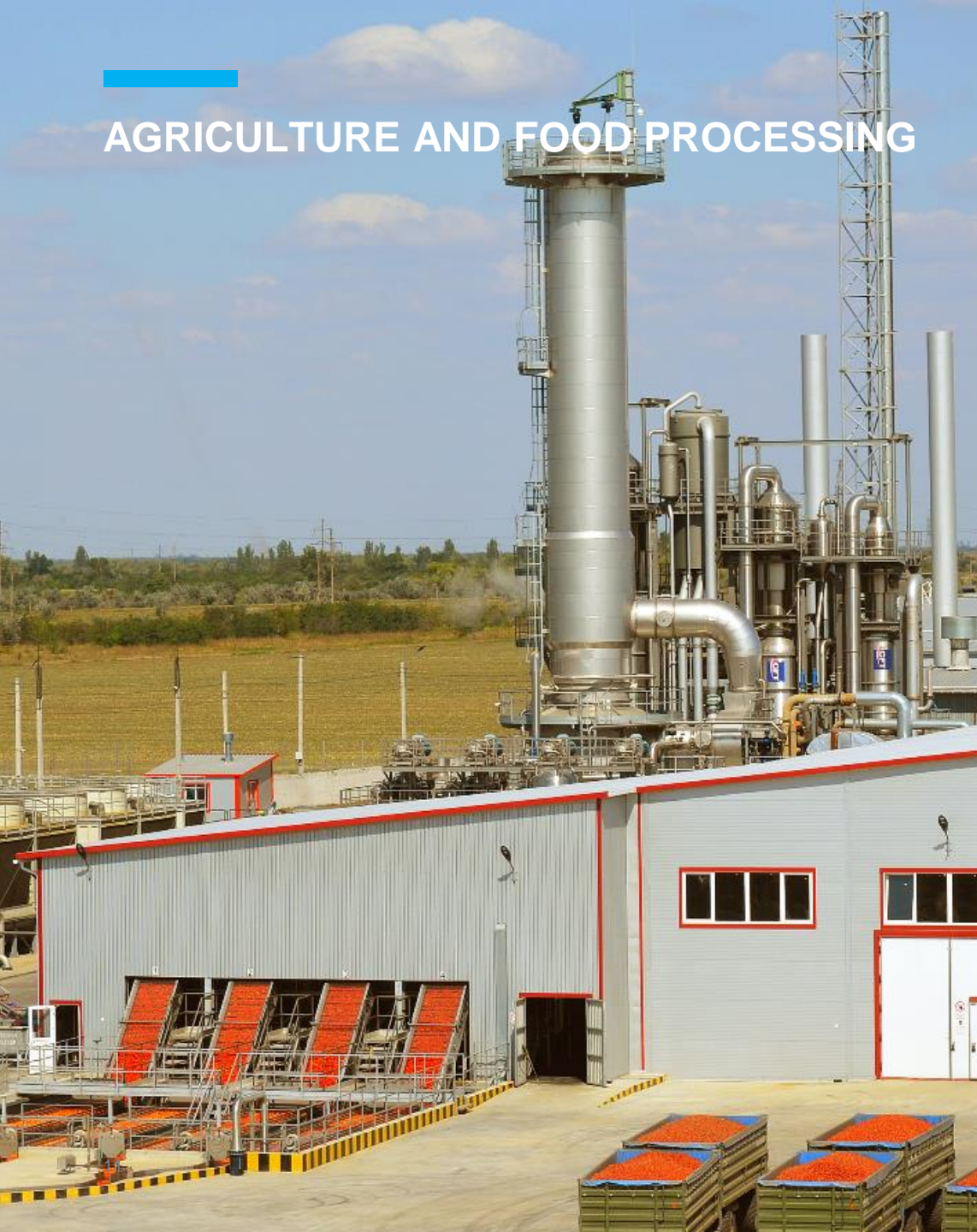
RDNA2 needs + additional  
opportunities

**\$167.3  
BILLION**

### SELECTED REFORMS & INTERVENTIONS:

- Enable **free price formation** for the wholesale market
- Reduce household electricity costs through **energy efficiency** and conservation and social assistance
- **Auction electricity** from renewable/hybrid renewable energy
- Allow private participation in **Ukrenergo**
- Implement **cost-recovery tariffs** with incentives to switch to efficient district heating
- Allow private participation in construction of **independent high-voltage lines** and modernization of **district heating systems**

## AGRICULTURE AND FOOD PROCESSING



RDNA2 needs

**\$24.2  
BILLION**

with policy actions



RDNA2 needs + additional  
opportunities

**\$46  
BILLION**

### SELECTED REFORMS & INTERVENTIONS:

- Complete agricultural **land reform** and strengthen land governance institutions
- Ensure access to affordable financing, including through digitizing and simplifying **crop receipts**
- Continue alignment of international **sanitary and phytosanitary standards** and trade facilitation mechanisms
- Enable adoption of **climate-smart agricultural** technologies
- Reimburse **VAT to exporters** in a timely manner



## FINANCE AND BANKING

RDNA2 needs

**\$4.3  
BILLION**

with policy actions



RDNA2 needs + additional  
opportunities

**\$27  
BILLION**

### SELECTED REFORMS & INTERVENTIONS:

- Facilitate resolution of **non-performing loans** and develop market for asset resolution companies
- Strengthen **creditor rights**
- Bolster insolvency and **debt resolution** by adopting enforcement measures as foreclosure and collateral issues
- Modernize **capital markets** infrastructure
- Prepare state-owned banks for **privatization**
- Develop **insurance market**

## SUMMARY | LEVERAGING THE REPORT



Informs the GoU's strategic planning & serves as one of the key sources of analytics on crowding in private investments for reconstruction



For Ukraine's development partners, provides thought leadership on private sector engagement in reconstruction, with this lens to be included in RDNA3



Guides prioritization of areas of engagement for IBRD, IFC and MIGA

## CONTACT US



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# #IFC4Ukraine

# #RebuildUkraine