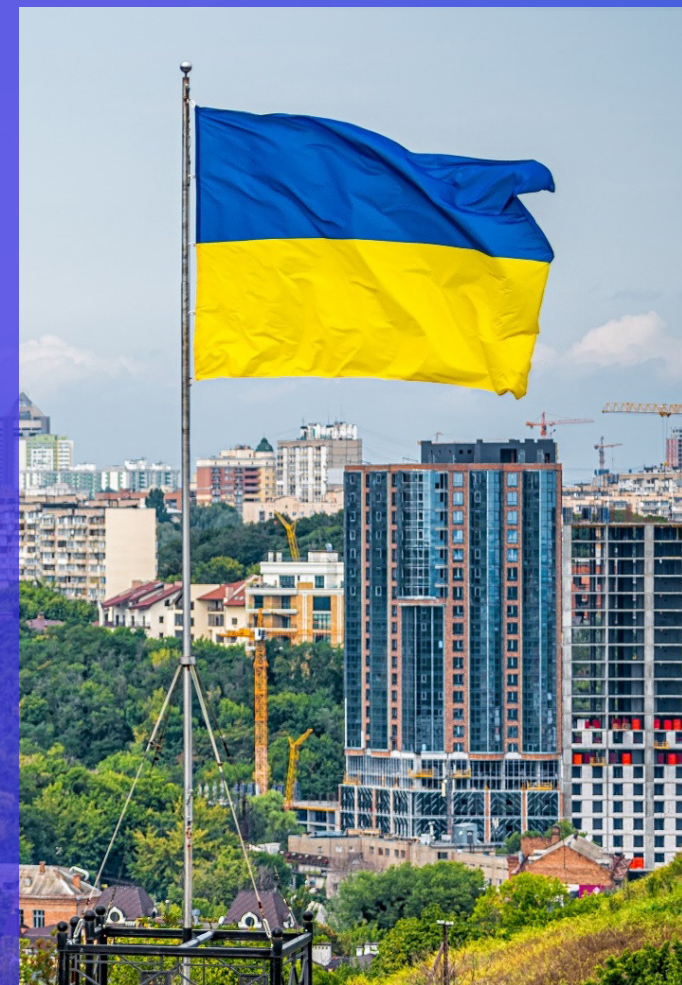


# German-Ukrainian Business Outlook 2024





# Foreword

## Dear Readers,

Germany and Ukraine share a long-standing economic partnership, with Germany being one of Ukraine's most important trading partners.

Ukraine and its economy have shown surprising resilience in the face of Russia's aggression. German companies have therefore largely retained their production in Ukraine.

But where do we go from here?

As Europe's largest country by land mass, endowed with fertile land, well-educated and innovative people and mineral resources, Ukraine offers interesting opportunities for foreign companies.

Are companies ready to seize the opportunities?

With our German-Ukrainian Business Outlook 2024, KPMG in Germany and AHK Ukraine are measuring the company sentiment with regard to Ukraine.

While the ongoing war remains a key challenge for many of the investors, the majority of companies see opportunities for themselves in Ukraine and are already investing locally now or plan to establish a presence in the country in the future.

Many German investors are seeking to enhance their presence and leverage the strategic benefits offered by Ukraine, such as its close proximity to the German market and access to a sizable and highly skilled labor force.

Additionally, investors have a keen interest in areas such as sustainable energy, scarce natural resources, metallurgical processing, mechanical engineering, the food sector, and information technology, all areas in which Ukraine possesses significant potential.

Nevertheless, investors continue to face tremendous challenges. There are still considerable risks due to the ongoing war and the associated threat to the safety of employees in Ukraine. Additionally, German investors encounter challenges from corruption and labor shortages.

According to our survey, an improvement in political and economic stability, together with the availability of public funds and guarantees, would lead to greater investment in Ukraine by German enterprises. German corporations anticipate a positive trajectory in the economic situation of Ukraine, foreseeing Ukraine's increasing significance as a future long-term partner for Germany.

To gain a deeper understanding of the Ukrainian market, German investors need access to local business networks like the AHK Ukraine and crucial market information, including industry, market, and competition analyses, as well as company profiles. This information is vital for identifying prospective acquisitions or joint ventures.

A significant hindrance for German investors in Ukraine is the lack of adequate coordination among government and private entities.

We hope that our Business Outlook provides your company with valuable insights into business in Ukraine. We would like to thank the German companies that participated in this survey for the German-Ukrainian Business Outlook 2024.



**Nicolai Kiskalt**  
Partner, Head of Country Practice  
Central and Eastern Europe,  
KPMG in Germany



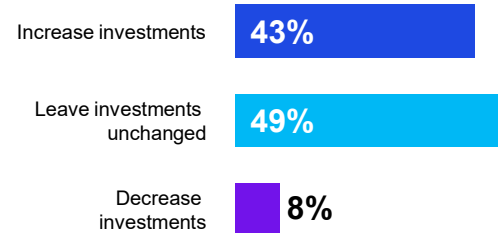
**Reiner Perau**  
Managing Director,  
AHK Ukraine

# Executive Summary (1/2)

## Investment plans despite ongoing war

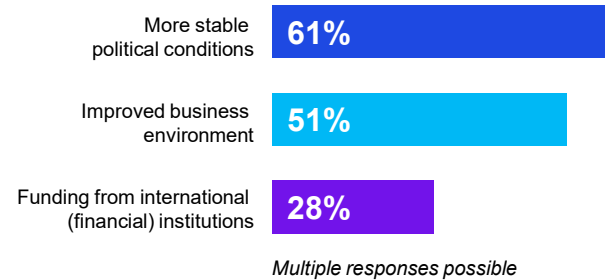


43% of the respondents intend to increase their investments in Ukraine in the next 12 months, 50% intend to leave their current investments unchanged and only 8% intend to reduce their investments.



## Key factors for doing business: Stable political and economic environment as well as availability of funds

**Political stability** is the most important factor for almost two thirds of companies (61%). An **improved business environment** (51%) and **funds from international (financial) institutions** (28%) are also seen as crucial.



## Main business enablers: Access to business networks and market insights as well as safe and easy travel options



Key factors for businesses entering Ukraine are **access to business networks and Ukrainian companies** (59%), **access to market information** (54%) as well as **secure and easy travel options** (37%).



Source: KPMG and AHK Ukraine, 2024

# Executive Summary (2/2)

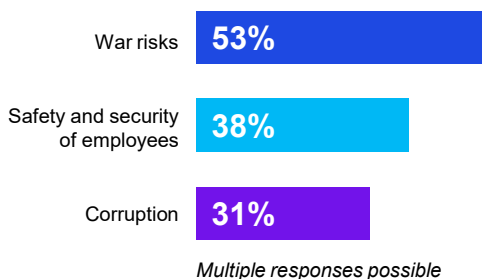
## Opportunities in Ukraine

**Access to the Ukrainian market** is the top business opportunity for nearly half of the companies surveyed (48%), followed by the **availability of a skilled workforce** (39%). More than a third (36%) view **investments in “Rebuild Ukraine” initiatives** – already during the war – as a key opportunity.



## Challenges in Ukraine

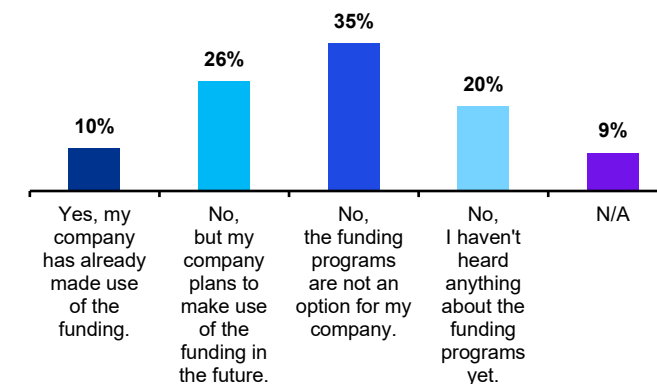
The ongoing **war** remains the biggest obstacle to operating in Ukraine for 53% of the companies surveyed. 38% also emphasize the **safety and security of employees**. **Corruption** is also seen as a major obstacle to business activities by almost one in three companies (31%).



## Limited use or knowledge of available funding programs



To date, only 10% of companies have already made use of EU and/or German funding programs. 26% plan to do so in the future, 35% consider the available funding programs to be unsuitable for their companies and 20% have never heard of them. These results indicate the need to increase the effectiveness of EU and German funding programs for business in Ukraine.



Source: KPMG and AHK Ukraine, 2024



# Contents

## Survey results

<b>01</b>	Business development and outlook	6
<b>02</b>	Business supporting factors	10
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01

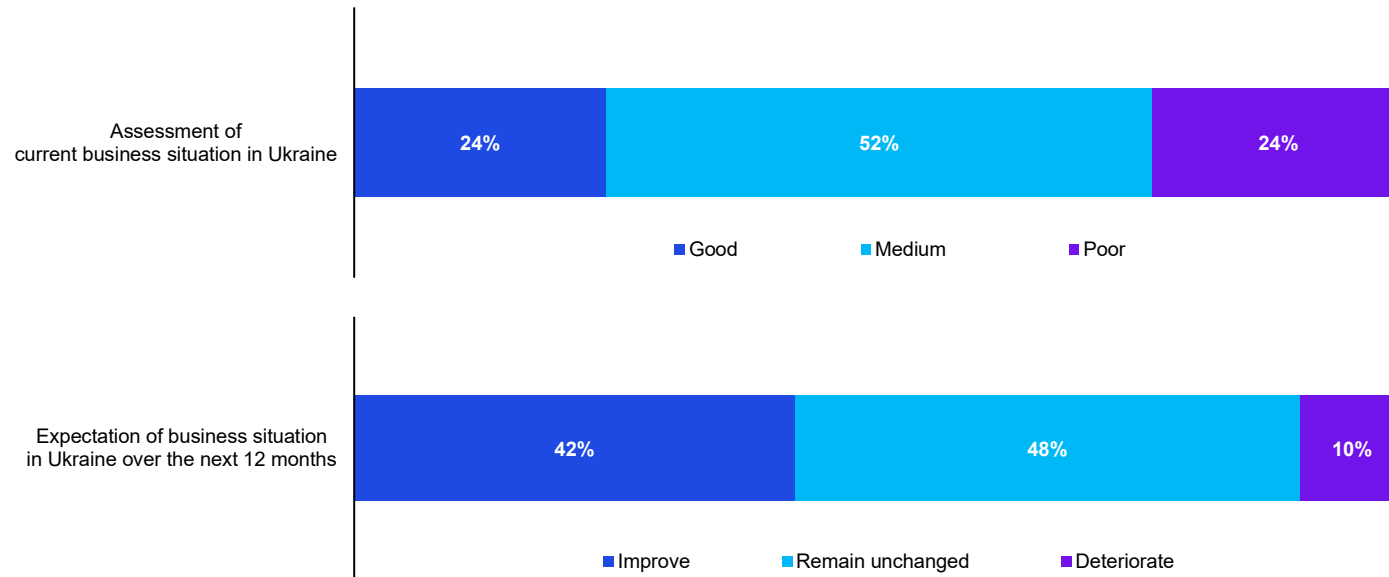
# Business development and outlook





# Business expectations improve over time

Figure 1: **Assessment of current and future business situation in Ukraine**



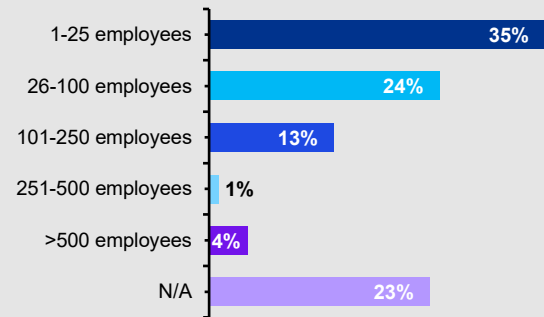
- The survey results paint a picture of a Ukrainian business environment encompassing a mix of cautious optimism and lingering challenges.
- The assessment of the current business situation in Ukraine shows a near even split: 24% describe it as good, 51% as medium and 24% as poor.
- Looking to the next 12 months, companies are cautiously optimistic. While nearly half of respondents (49%) still expect the business situation to remain unchanged, a similarly large proportion of the companies surveyed (42%) expect an improvement. This indicates cautious optimism regarding future improvement, despite the current challenges. Only one in ten companies (10%) anticipates a further deterioration.

Source: KPMG and AHK Ukraine, 2024; (n=103/n=105)



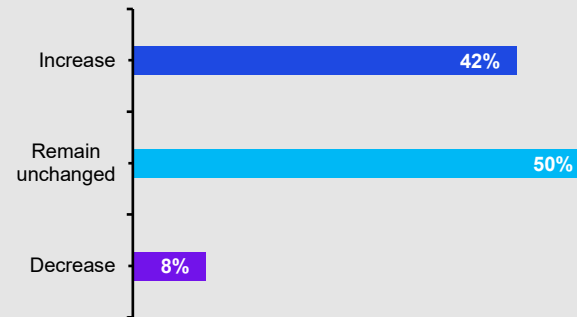
# Increase in headcount anticipated

Figure 2: Current number of employees in Ukraine



Source: KPMG and AHK Ukraine, 2024; (n=105/n=104)

Figure 2: Expectation of company's number of employees in Ukraine over the next 12 months



Source: KPMG and AHK Ukraine, 2024; (n=105/n=104)

- The companies surveyed are also cautiously optimistic about future growth in their workforce.
- The majority of respondents (59%) report having a workforce of less than 100 employees in Ukraine. However, almost one in five of the companies surveyed (18%) already employs more than 100 people locally in Ukraine.
- A significant portion of respondents (42%) expect to increase their employee headcount in Ukraine over the

next 12 months, as they also anticipate an improvement in their business situation (see previous page). Half of the companies surveyed (50%) expect their employee numbers to remain unchanged. A small number of respondents (8%) anticipate a decrease in their workforce.

- If funding becomes available and a more stable and safer political and economic environment emerges, businesses may feel more confident about expanding their operations in Ukraine.

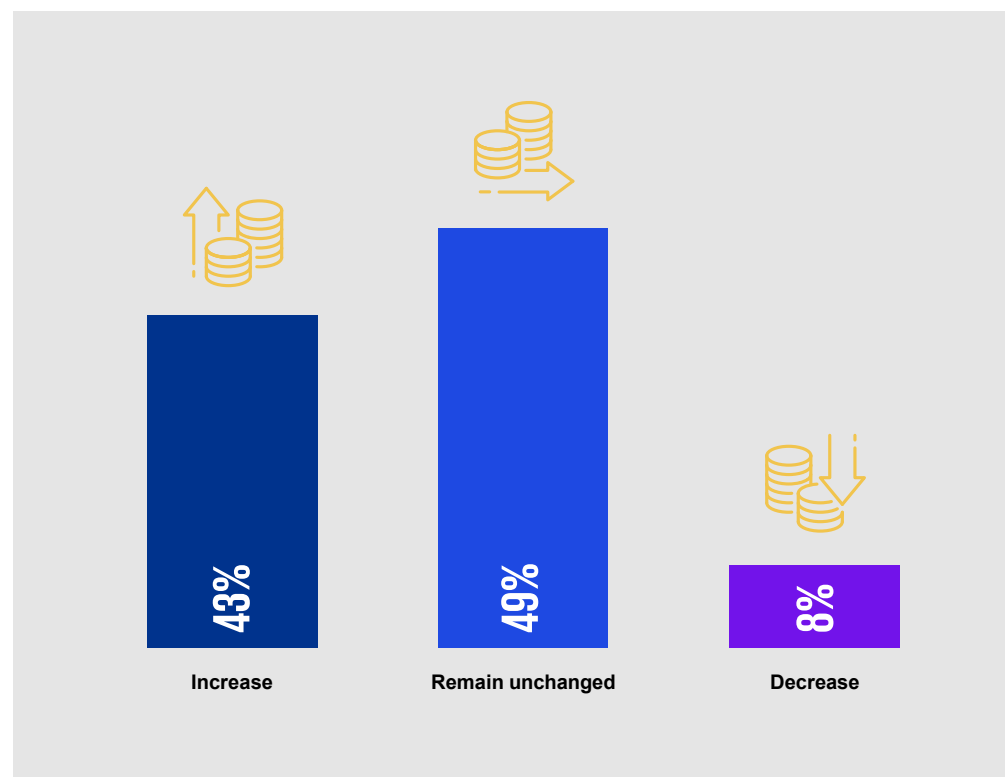
- In the course of the rebuilding efforts following the war, companies may want to capitalize on these opportunities and therefore expand their workforce to meet increasing demands for goods and services.
- Please note that this survey was conducted before the new Mobilization Act came into force on 18 May 2024 in Ukraine; this aims to conscript a significant number of Ukrainian soldiers into the army. This may lead to an adjustment in employment planning by the companies surveyed.



# Investments planned despite ongoing war

- 43% of respondents expect their investment activity in Ukraine to increase over the next year. However, the largest group of respondents (49%) anticipates that investment levels will remain unchanged. A small number of respondents (8%) expect their investments in Ukraine to decrease over the next 12 months.
- It is noteworthy that the companies surveyed predominantly intend to increase their investments in Ukraine despite the uncertainties surrounding the further course of the war. The reasons for this lie in the considerable opportunities that are seen in Ukraine. Please refer to our comments in section 03 “Challenges and opportunities”.
- Repairing key parts of the infrastructure during the war and the reconstruction of the country will require enormous investment. This will open up opportunities also for German companies, specifically in the construction, infrastructure, energy and environmental sectors.

Figure 4: Investment plans in Ukraine over the next 12 months



Source: KPMG and AHK Ukraine, 2024; (n=103)





02

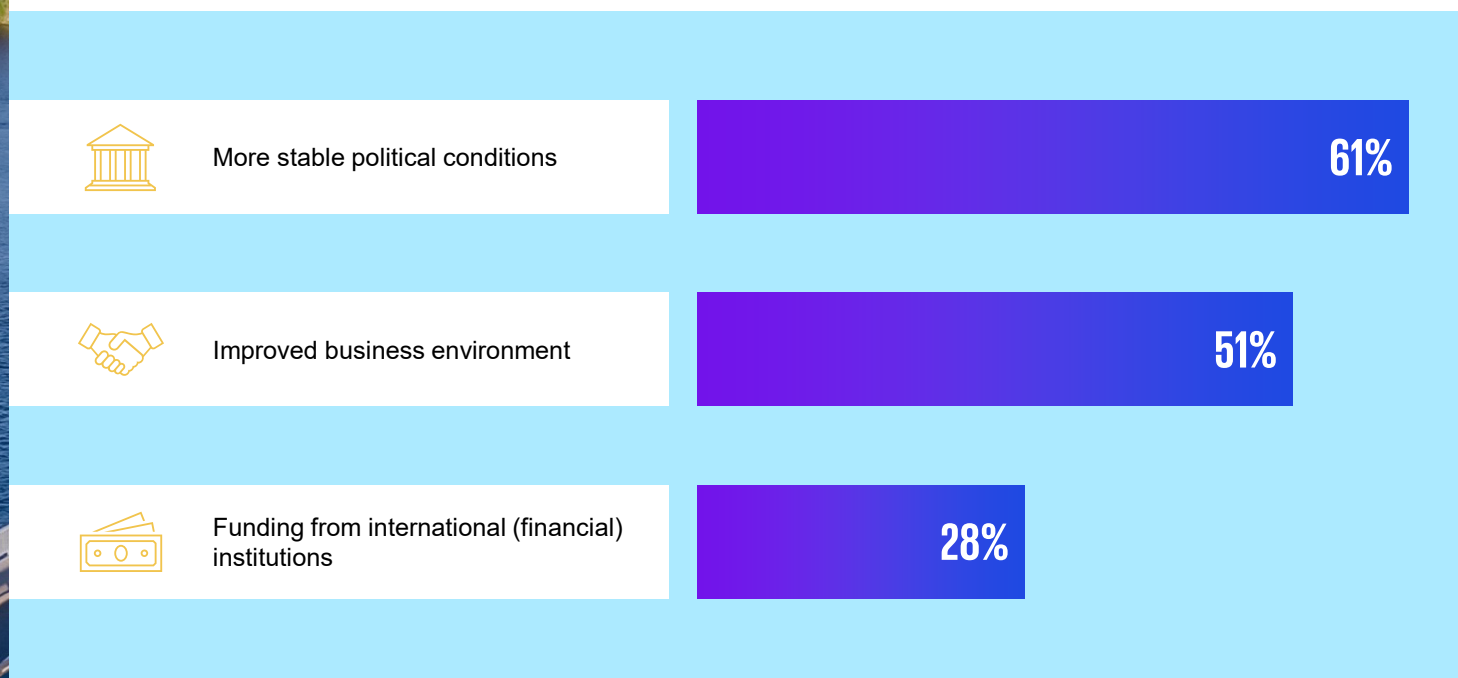
# Business supporting factors





# Political and economic stability as well as availability of funds are key factors for doing business

Figure 5: **Top 3 most important factors for supporting business in Ukraine**



- Political stability is the most important factor for businesses operating in Ukraine, with 61% of respondents ranking it as one of the three most important factors. It goes without saying that the ongoing war is creating considerable uncertainty.
- Second to political stability, an improvement in the business environment is another key factor, with 51% of respondents highlighting its importance. In this context, please also refer to the survey results in section 03 “Challenges and opportunities” regarding the main business challenges facing surveyed companies.
- Funding from international (financial) institutions was cited as another important factor by almost a third of all respondents (28%). This underlines the need for sufficient finance, particularly in view of the uncertain environment in which companies operate. Please refer to pages 28 and 29 for information on available funding programs.

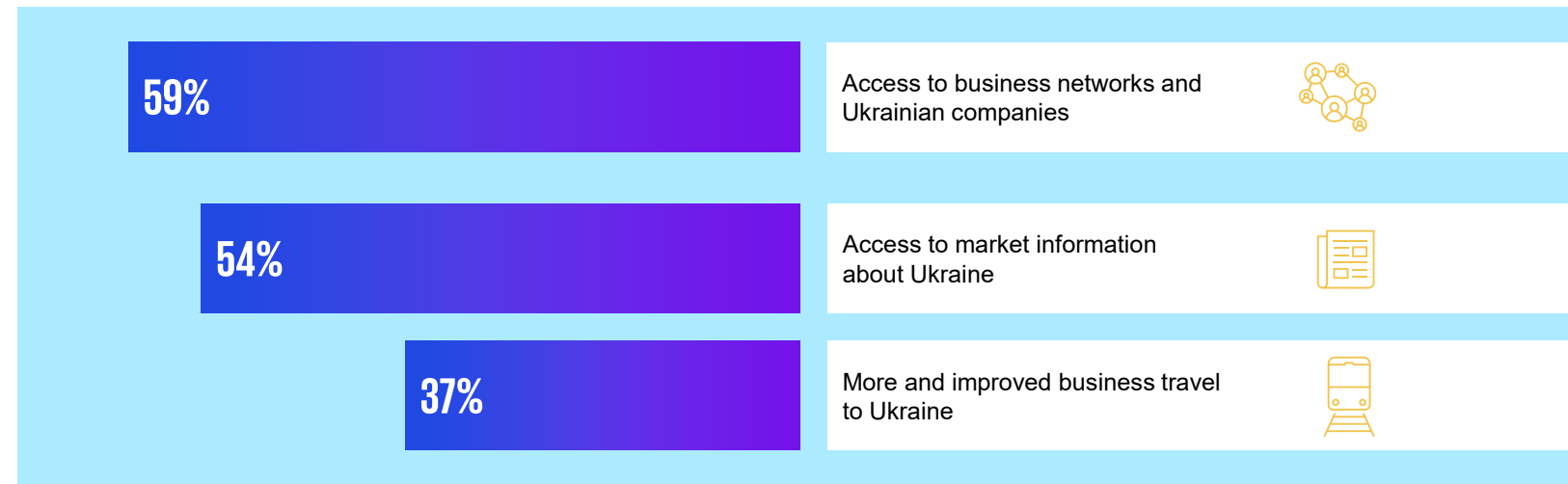
Source: KPMG and AHK Ukraine, 2024; (n=103); multiple responses possible

# Access to business networks and insights as well as safe and easy travel are key enablers for doing business in Ukraine



- The survey results indicate that building strong connections and gaining market knowledge are the top priorities for businesses considering entering the Ukrainian market.
- The most important enabler for businesses entering the Ukrainian market is access to business networks and Ukrainian companies (59%). This allows companies to assess the risks they are taking in a country still at war,

Figure 6: Top 3 most important enablers supporting business entry to Ukraine



Source: KPMG and AHK Ukraine, 2024; (n=94); multiple responses possible

- to navigate the uncertainties and complexities of the market landscape and identify potential partners.
- Access to market information (54%) is another crucial enabler. Having reliable information about the Ukrainian market, such as consumer trends, competitor analysis, and industry regulations, is vital for businesses to make informed decisions about entering the market.
- As business needs develop locally, i.e. face-to-face contact, safe and easy business travel to and from Ukraine is crucial for more than a third of respondents (37%).



03

# Challenges and opportunities

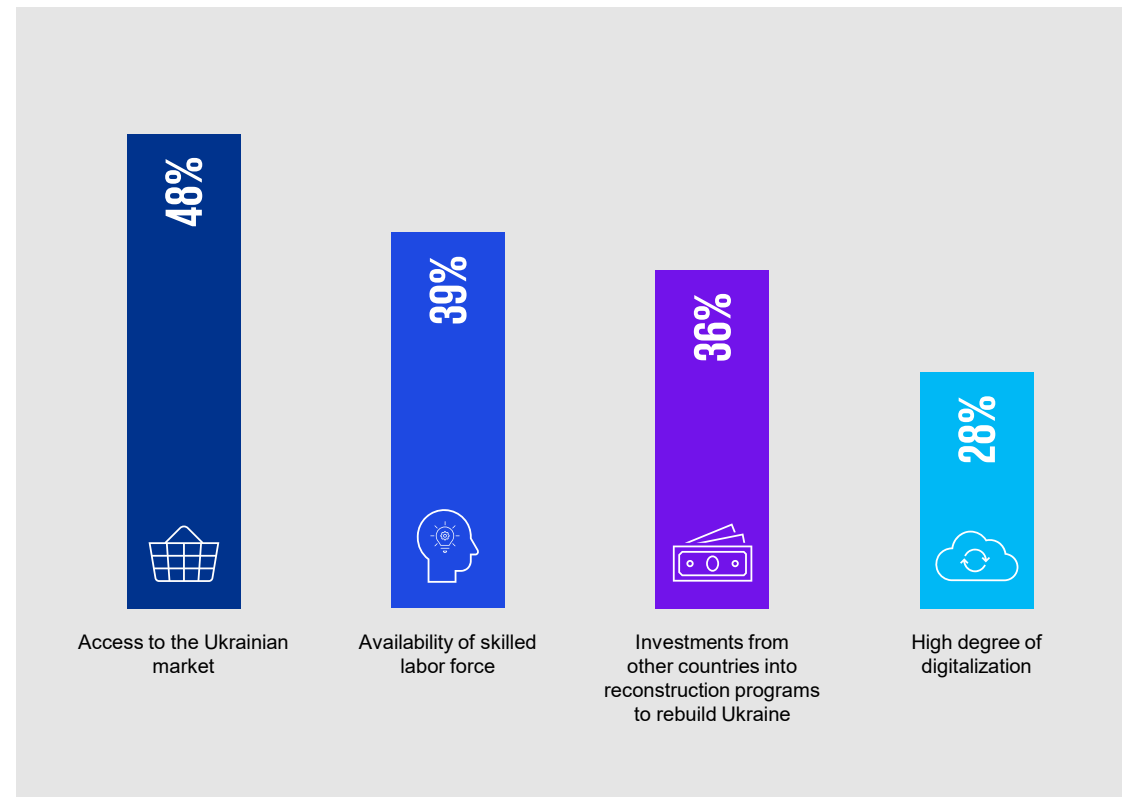




# Opportunities in Ukraine

- Nearly half of the respondents (48%) consider access to the Ukrainian market the most important opportunity.
- A skilled labor force is cited as another significant opportunity by 39% of the companies surveyed.
- More than a third of respondents (36%) also view investments into reconstruction programs to rebuild Ukraine as a key opportunity. Companies are already anticipating strong demand for reconstruction measures during the war, but even more so after the war ends. Reconstruction creates opportunities for many industries, particularly construction, infrastructure development and related sectors.
- A high degree of digitalization (28%) is seen as another opportunity. Ukraine possesses a well-developed digital infrastructure, a well-developed and strong IT industry as well as a pool of highly qualified IT specialists.
- Overall, these results suggest a multifaceted business landscape in Ukraine. The opportunities encompass a combination of traditional market access considerations, a skilled workforce, and the unique opportunities presented by reconstruction efforts.

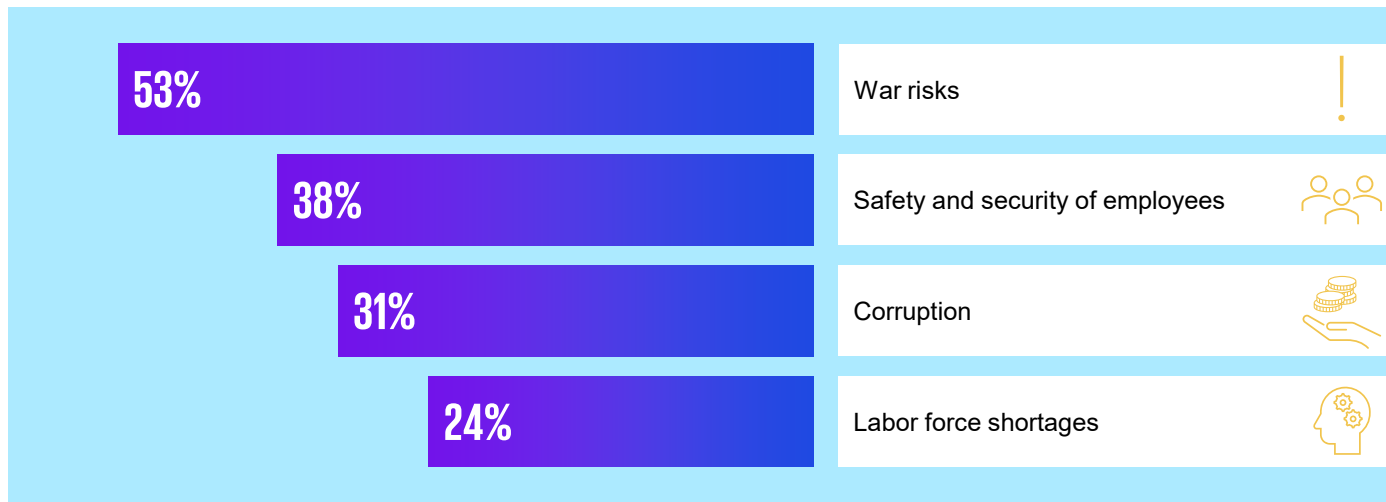
Figure 7: Main business opportunities in Ukraine



Source: KPMG and AHK Ukraine, 2024; (n=100); multiple responses possible

# Challenges in Ukraine

Figure 8: **Main business obstacles in Ukraine**



Source: KPMG and AHK Ukraine, 2024; (n=100); multiple responses possible

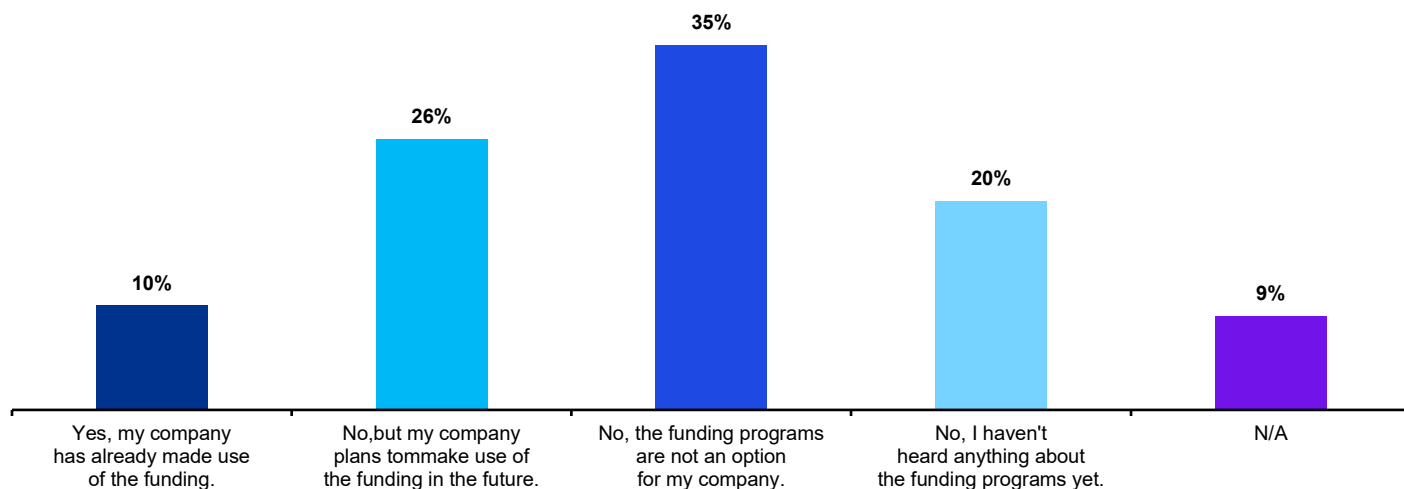
- The ongoing war in Ukraine is still the most significant obstacle for more than half of the companies surveyed (53%), as it poses a direct threat to business operations, employee safety, and overall stability.
- Concerns about the safety and security of employees are prevalent for 38%, reflecting the risks associated with operating in an active war zone.
- Corruption is perceived as a significant impediment to doing business for almost every third company (31%), with its associated risks for fair competition, increasing costs, and delays to projects.
- While a skilled workforce is seen as an opportunity, labor shortages pose a challenge for businesses seeking to expand or operate efficiently. Labor shortages are specifically caused by the ongoing need to recruit



- soldiers to defend the country. Almost a quarter of companies (24%) see this as a challenge.
- The results paint a picture of a business environment where opportunities coexist with substantial challenges. Businesses need to carefully assess and mitigate these risks while also capitalizing on the potential for growth and reconstruction.

# Limited use or knowledge of available funding programs

Figure 9: Use of funding programs provided by the EU and/or Germany



Source: KPMG and AHK Ukraine, 2024; (n=100)

- Support programs from Germany and the EU may play an important role in helping companies to invest in Ukraine, as they can make investments more attractive and predictable in an environment subject to considerable risks.
- So far, however, only a small portion of respondents (10%) have already made use of funding programs. In addition, around a quarter of the companies surveyed (26%) has not yet made use but plans to use funds in the future.
- A concerning number of respondents (20%) have not heard about the funding programs at all. To change this there is a need for better communication and outreach efforts to ensure businesses are aware of the available financial support options.
- The largest group of respondents (35%) considers the funding programs are not applicable for their company. This could be due to factors such as the types of business eligible, the size of grants offered, or the specific project requirements.
- These results suggest a need to increase the effectiveness of EU and German funding programs for business in Ukraine. Improved outreach and communication, an evaluation of the existing programs and potential adjustments as well as offering tailored support could lead to improved support for business activities in Ukraine.



04

# Profile of the companies surveyed

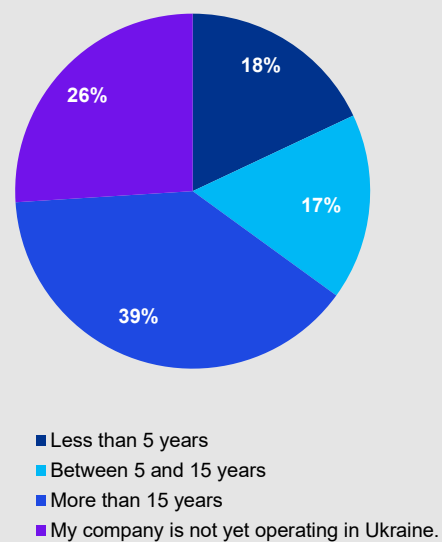




# Methodology and profile of surveyed companies (1/2)

For this survey, KPMG in Germany and the AHK Ukraine interviewed German companies with existing activities in Ukraine or potential activities in Ukraine in the future. A total of 142 companies participated. The survey was conducted between 23 April and 12 May 2024. The questions focused on the economic outlook of the companies and the challenges they face in terms of doing business in Ukraine.

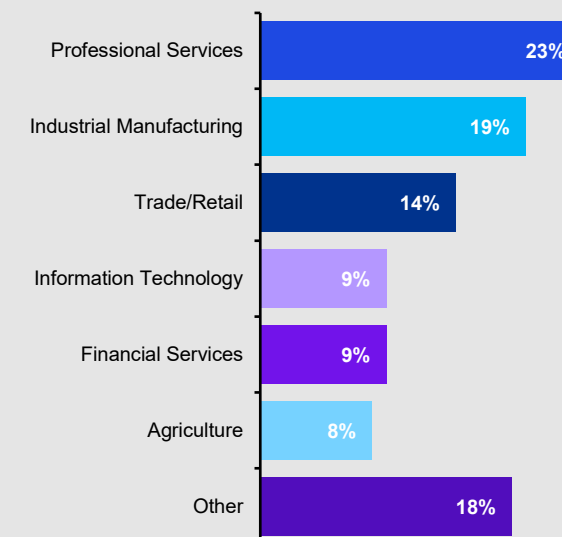
Figure 10: **Duration of operations in Ukraine**



Source: KPMG and AHK Ukraine, 2024; (n=130)



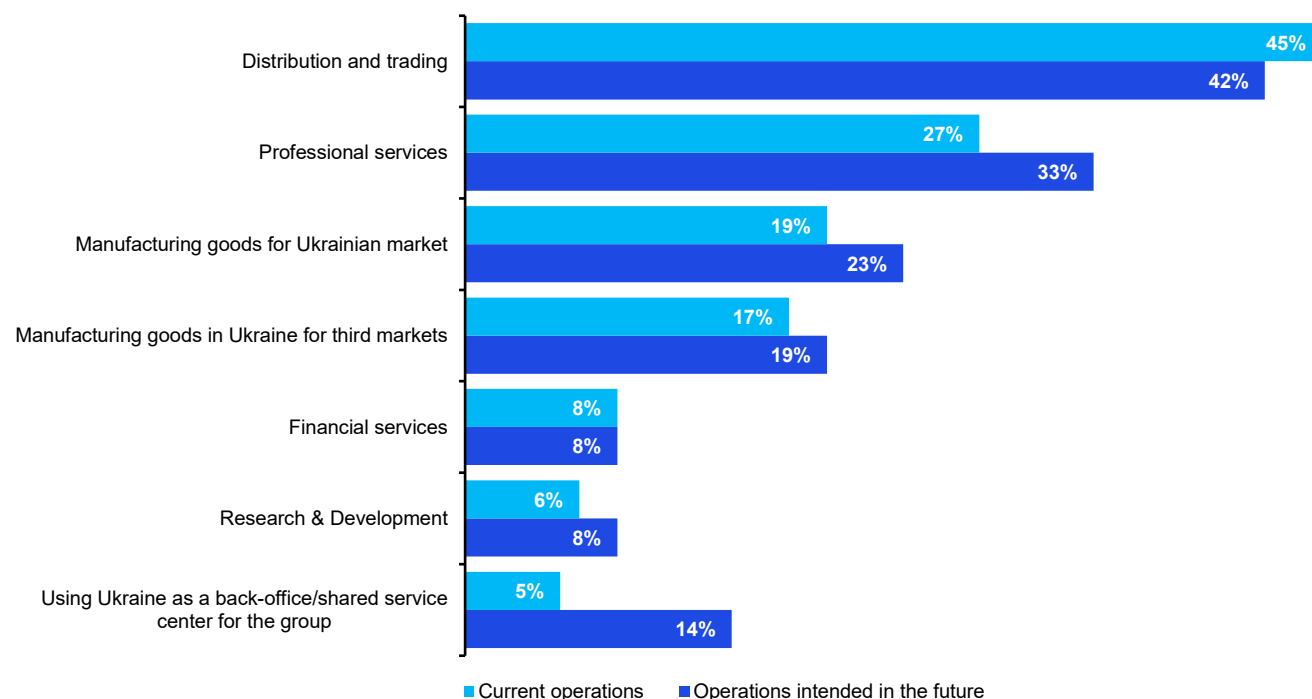
Figure 11: **Breakdown by sector of the companies surveyed**



Source: KPMG and AHK Ukraine, 2024; (n=142)

# Methodology and profile of surveyed companies (2/2)

Figure 12: Current and planned business activities of the companies surveyed



Source: KPMG and AHK Ukraine, 2024; (n=110/n=109); multiple responses possible



- Currently and in the future, almost half of the companies (45% now and 42% in the future) plan to use Ukraine as a distribution and trading location.
- But companies are also interested in providing professional services (27% now and 33% in the future) and making use of Ukraine as a production location for the Ukrainian market (19% now and 23% in the future) as well as for third markets (17% now and 19% in the future).
- While only five percent of businesses currently use the country as a back office or shared service center, 14% plan to do so in the future.
- Overall, the results show that the respondents plan to expand and diversify their business activities in Ukraine in the future.



05

# Macroeconomic overview





# About Ukraine

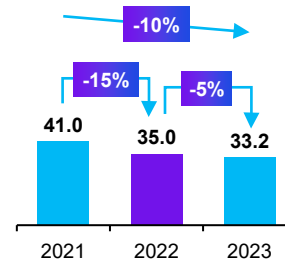
## Ukraine at a glance



Illustration as of 1 July 2024

Capital	Kyiv
Currency	UAH
Exchange rate EUR/UAH, 1 July 2024	43.69
Interest rate, July 2024	13.5%
GDP in current prices 2023	165.3 EUR billion
GDP per capita 2023	4.9 EUR thousand
Country risk premium, Jan. 2024	17.55%

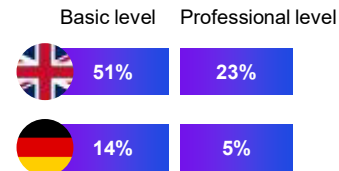
### Population (in million)



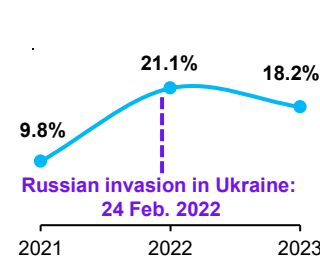
### Urbanization rate 2023



### Language knowledge 2022 (% of population)



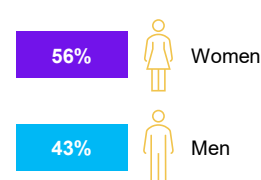
### Unemployment rate (in %)



### Ranking Human Development Index 2022



### Higher education 2020 (% of population)



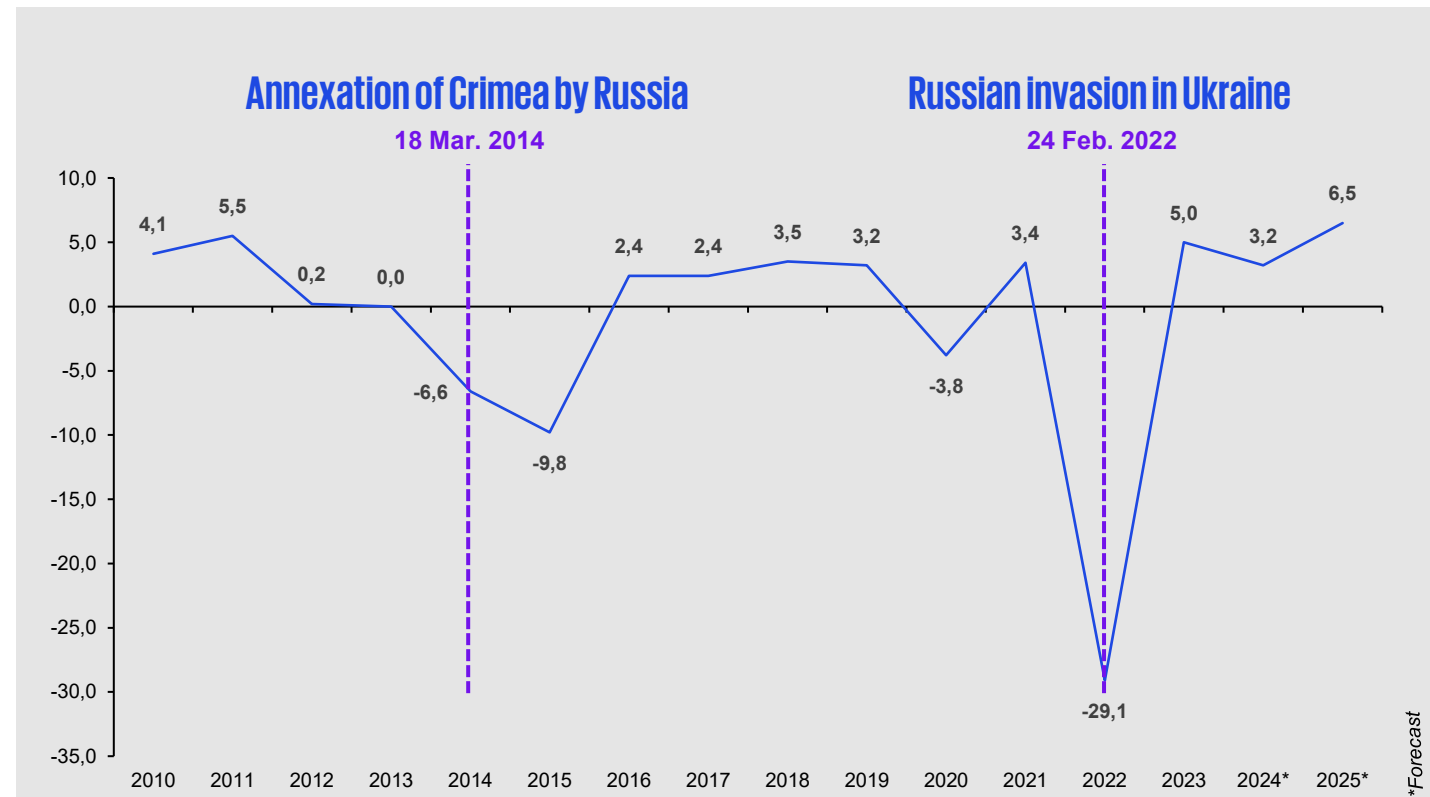
- The economic, demographic, investment, and business development of Ukraine has been affected by the annexation of Crimea in 2014 and the full-scale Russian invasion in 2022. Nevertheless, Ukraine demonstrates a strong resilience to the risks and challenges, maintaining its attractiveness for investments.
- Against the backdrop of martial law, mobilization, migration and casualties from missile attacks, the **population of Ukraine has decreased by roughly 8 million people over the past two years**. However, the International Monetary Fund expects the return of refugees and rising immigration, which may contribute to the population rising to 36.0 million people by 2028.
- Ukraine's ranking in the Human Development Index of the UNDP declined by 14 places in 2022 compared to the previous year, although it remains a country with a **high level of human development** with an index value of 0.734.
- Ukraine's population shows a remarkable propensity for higher education with almost 80% of school graduates entering higher education institutions as of 2021. In addition, the **average share of higher education in the 25-34 age group in Ukraine exceeds 50%**, compared with nearly 40% for OECD member states in 2021.

Source: National Bank of Ukraine, 2024; State Statistics Service of Ukraine, 2024; OECD, 2024; UNDP, 2024; IMF, 2024

# Despite recent volatility due to war, Ukraine's economy is forecasted to grow

- **Ukraine's economy has experienced significant weakness and volatility** in recent years, primarily **due to political instability**, pervasive corruption, and **ongoing wars** since 2014 and 2022.
- **In 2014 and 2015, the economy contracted sharply as a result of the war** in Donbas and the annexation of Crimea by Russia. While Ukraine's economy recovered from 2016, the onset of the war with Russia **in 2022 led to a renewed decline** in economic output, and contraction of 29.1% in 2022.
- **In 2023**, a loose fiscal policy bolstered domestic consumer and investment demand, significantly contributing to a **5.0% Real GDP growth**. Apart from that, the **Ukrainian government has announced a comprehensive series of reforms** aimed at strengthening the economy. These initiatives focus on combating corruption, improving the tax climate, and promoting investment. In addition, international donors have pledged billions in financial aid to support Ukraine's reconstruction and economic stabilization efforts.
- **As Ukraine holds substantial potential for robust economic growth in the coming years**, post-war reconstruction efforts and the successful implementation of reforms could catalyze a significant economic upturn.

Figure 13: Real GDP growth of Ukraine (annual percentage change)



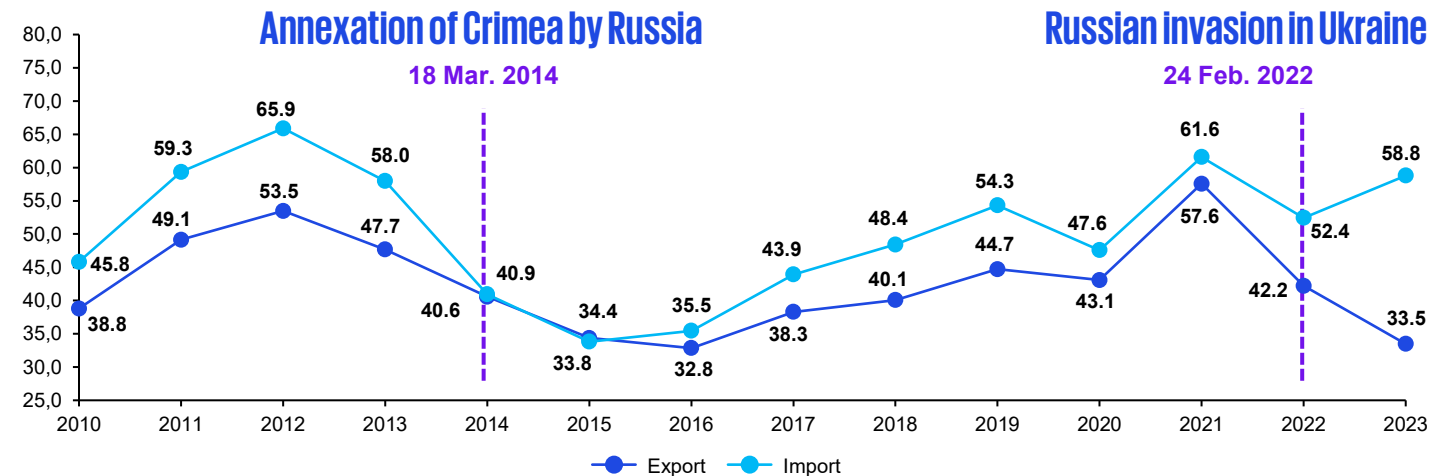
Source: IMF, 2024



# Ukraine's foreign trade demonstrates resilience following significant wartime downturns

- Since 2010, Ukraine's foreign trade has been shaped by economic growth, political upheaval, COVID-19 pandemic, and efforts to reorient its economy towards the EU and global markets.
- **Since the conflict began in 2014, Ukraine has redirected its foreign trade towards the EU and global markets.** In 2013, the main destinations for Ukrainian exports were Russia and Turkey, whereas in 2023, they were Poland and Romania. For imports, Russia and China were top sources in 2013, but by 2023, China and Poland had taken the lead.
- **Full-scale invasion in 2022 reshaped foreign trade significantly, causing trade in goods to align with the ongoing conflict.** Specifically, in 2021, nuclear reactors and boilers were the second-largest import category, while iron and steel held the position as the second largest export category. By 2023, these categories no longer ranked within the top three.
- The ongoing hostilities in 2024 suggest limited trade growth for Ukraine. Imports are expected to remain stable, while exports may moderately expand by up to 9%, according to state projections. The Black Sea corridor, launched in August 2023 and enabling exports of agricultural and metallurgical products, as well as iron ore, may greatly contribute to increasing foreign sales.

Figure 15: International trade of Ukraine (in EUR billion)



## Largest export categories of Ukraine in 2023 (in EUR billion, 2023 vs. 2021)

1	Cereals	7.7	(-32.7%)
2	Animal vegetable or microbial fats and oils	5.2	(-19.7%)
3	Oil seeds	2.6	+15.8%

## Largest import categories of Ukraine in 2023 (in EUR billion, 2023 vs. 2021)

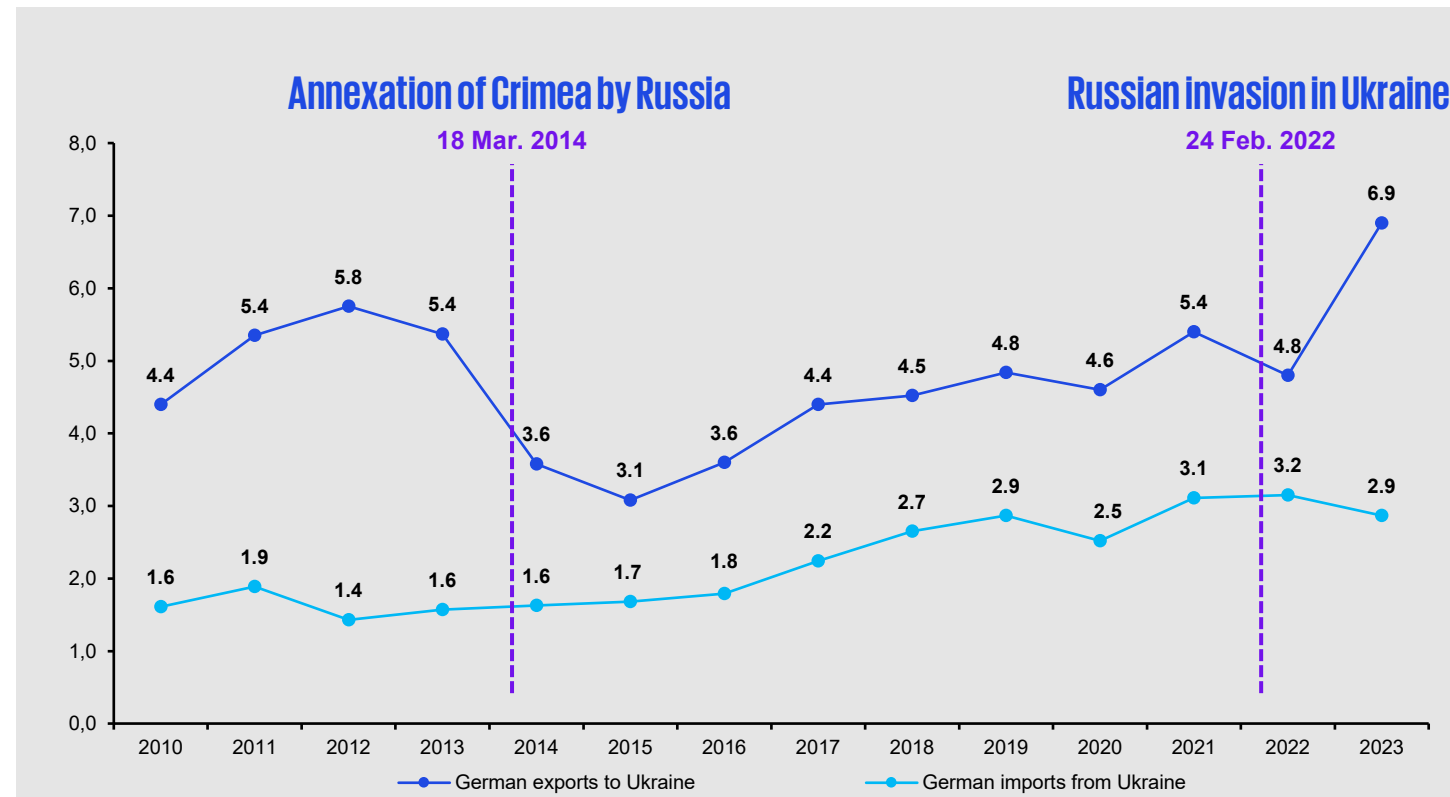
1	Mineral fuels and oils	9.6	(-27.7%)
2	Vehicles other than railway or tramway	6.4	(-1.4%)
3	Electrical machinery	5.5	(-4.0%)

Source: ITC TradeMap

# German exports to Ukraine are highly volatile – German imports from Ukraine did grow gradually

- **German-Ukrainian foreign trade** has been volatile since 2010, fluctuating markedly over the years.
- While **exports** from Germany to Ukraine increased until 2012, the annexation of Crimea and the war in Donbas in 2014 led to a 33.3% decline compared to 2013. Although export activity has gradually recovered over time, it did not return to pre-crisis levels until 2021. The COVID-19 pandemic in 2020 and the war in 2022 led to a renewed decline in exports in 2022. The strong recovery in exports in 2023 was stimulated by increased demand for humanitarian goods and military equipment, caused by the war. According to the German government, Germany exported to Ukraine approx. EUR 4.4 billion worth of armaments to Ukraine in 2023.
- **Since 2013, German imports** from Ukraine have doubled and, apart from two small declines in 2020 and 2023, have risen continuously.
- **The future of German-Ukrainian trade relies on factors like the war's progression and Ukraine's economic development.** Progress with Ukraine's EU integration can boost trade by aligning standards, while international support for the reconstruction of Ukraine will also affect demand for German exports. Navigating such uncertainties requires a multifaceted approach for a strong trade relationship.

Figure 16: Foreign trade Germany-Ukraine (in EUR billion)



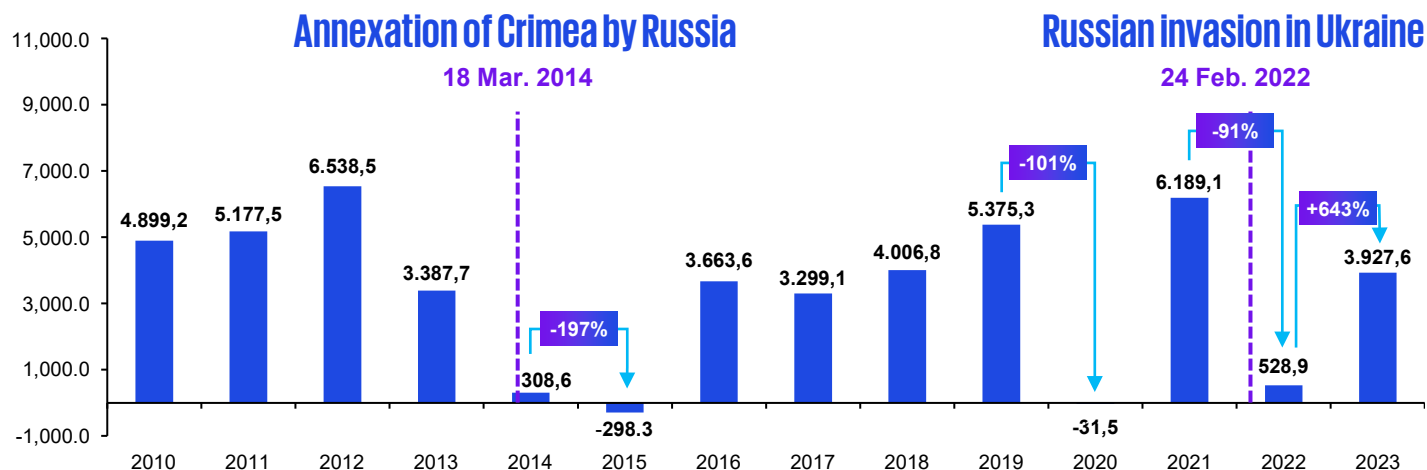
Source: Federal Statistical Office of Germany, 2024



# Investment climate is complicated by military risks, but location retains appeal

- Over the past decade, the amount of FDI into Ukraine has suffered from geopolitical instability in 2014 and 2022, as well as the COVID-19 crisis in 2020. However, the favorable trade location, significant natural and mineral resources, and highly-qualified staff continue to drive Ukraine's investment appeal.
- Since Russia's invasion of Ukraine, the National Bank of Ukraine has introduced currency restrictions; together with the high investment risk, this has caused a decline in FDI. In 2023, FDI recovered, although remaining only half of the 2021 mark.
- Rising recovery and reconstruction needs (almost EUR 460 billion by the end of 2023) and government tax incentives for investment projects provide foreign investors with a wide range of opportunities in Ukraine. Moreover, financial institutions worldwide offer **investment insurance for military risks**: e.g. Ukrainian Export Credit Agency since November 2023 and Multilateral Investment Guarantee Agency since September 2022.
- Global companies investing in plant construction in Ukraine during the war include Bayer AG (EUR 60 million), Nestle SA (EUR 30 million), Philip Morris International (EUR 30 million).

Figure 17: Foreign Direct Investment (FDI) in Ukraine, net inflows (in EUR million)



## Top 3 sectors in 2022 by FDI value, net inflows

	EUR million
Banking & insurance	1,024.6
Trade	645.9
IT & communication	541.8

## Top 3 countries in 2022 by FDI value, net inflows

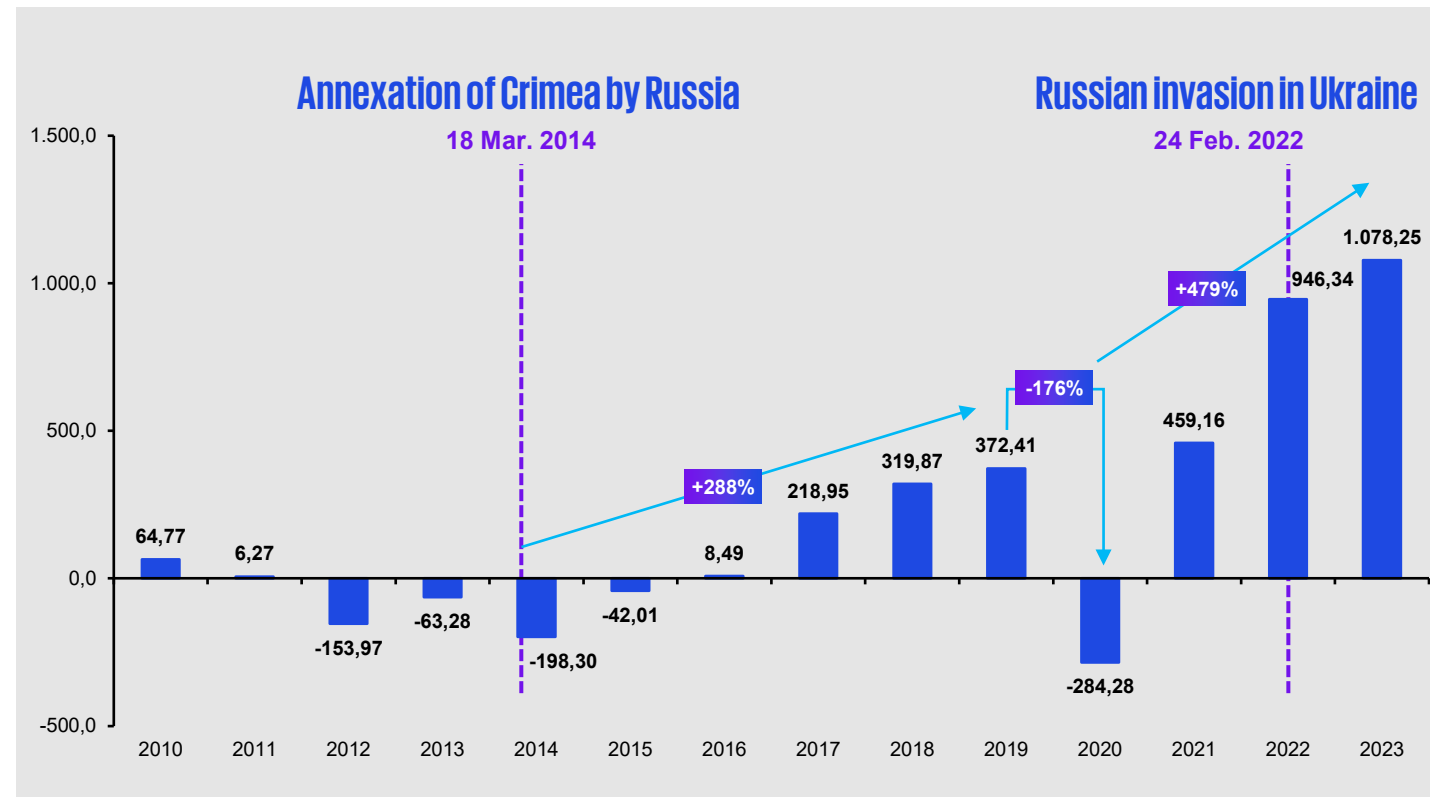
	EUR million
Switzerland	343.8
United Kingdom	253.4
Luxembourg	249.2

Source: Official website of National Bank of Ukraine, 2024; UkraineInvest GUIDE, 03/2024

# German companies continue to invest in Ukraine despite challenges presented by the war

- The annexation of Crimea in 2014 led to a withdrawal of German investment from Ukraine.
- German companies again withdrew their investments from Ukraine in 2020 in the wake of the pandemic and the related supply chain disruptions, lockdowns and travel restrictions as well as the general decline in demand.
- However, German net capital investments in Ukraine recovered fast in 2021.
- Russia's invasion of Ukraine in 2022 did not cause German companies to withdraw their investments. Quite the opposite – transaction values reached record levels in 2022 and 2023.
- German companies show a continuous interest in the Ukrainian market. Many companies are evaluating whether they can participate in the reconstruction process and take advantage of the associated opportunities.
- As a result of the war and the destruction of housing and infrastructure, huge reconstruction investments are required. The construction industry and the manufacture of building materials therefore offer particular opportunities. The reconstruction of healthcare and energy supply infrastructure also opens up opportunities for investors.

Figure 18: Transaction values for direct investment – German net investment in Ukraine (in EUR million)



Source: Deutsche Bundesbank, 2024



# A range of funds from international institutions is already available for Ukraine's reconstruction (1/2)

Name of funding program	Amount of available funds, EUR million	Type of funding	Funding institution	Availability during the war
<b>Ukraine Facility</b>	50,000.0	Financial instrument to support Ukraine's recovery, reconstruction and modernization	European Commission	+
<b>The SME Resilience Alliance</b>	7,000.0	Support for ongoing and new projects of SMEs in Ukraine to foster the small business ecosystem	31 members of the SME Resilience Alliance	+
<b>Ukraine Agriculture Recovery Inclusive Support Emergency (ARISE) Project</b>	508.2	Supporting access to finance for farms through affordable credit, as well as for small farms through grants	The World Bank	+
<b>Better Futures Program</b>	367.5	Financial guarantees to support private investments in Ukraine's reconstruction efforts	European Commission	+
<b>Ukrainian Business Development Fund</b>	50.0	Provision of interest rate subsidies to Ukrainian businesses, enabling them to access financing	Kreditanstalt für Wiederaufbau (KfW)	+
<b>USAID Competitive Economy Program in Ukraine (CEP)</b>	38.8	Support to startups, small and medium-sized enterprises (SMEs), competitive industries on Ukrainian and international markets	USAID through Chemonics	+

Source: AHK Ukraine

# A range of funds from international institutions is already available for Ukraine's reconstruction (1/2)

Name of funding program	Amount of available funds, EUR million	Type of funding	Funding institution	Availability during the war
<b>Financial Inclusion Recovery Programme for Ukraine</b>	30.0	Investment grants via the European Bank for Reconstruction and Development to increase access to finance and boost production capacity of SMEs in Ukraine	European Commission	+
<b>EU for Ukraine Fund (EU4U Fund)</b>	25.0	Facilitate deployment of both public and private sector projects for the reconstruction of critical municipal infrastructure and improves access to finance for entrepreneurs	European Investment Bank (EIB)	+
<b>EU4Business</b>	1.0	Financing for 100 Ukrainian micro, small, and medium-sized enterprises with export capabilities and innovation potential. Each company may receive up to 10.0 thousand	European Union, German Development Cooperation (GIZ)	+
<b>State Program 'eRobota'</b>	Grant amount up to EUR 190.9 thousand (upper limit depends on the business field)	Grants for businesses, processing enterprises, gardening etc. The upper limit of funding depends on the business field	The Government of Ukraine	+
<b>BRAVE 1</b>	Grant amount up to EUR 47.7 thousand	Support for defense tech developments and technologies	Support cluster 'Defense Tech'	+
<b>Individual financial assistance to support microbusiness initiatives</b>	Average amount of financing assistance at EUR 2.4 thousand	Financial assistance for microbusiness	Mercy Corps	+

Source: AHK Ukraine



# War risk Insurance may improve the investment climate in Ukraine

Insurance institution	Sponsored by	Insurance terms and conditions
<b>MIGA</b>	Ministry of Economic Affairs, IFI/DFI funds and international donors	The Multilateral Investment Guarantee Agency (MIGA) of the World Bank has issued its first investment guarantees to private investors in Ukraine. The guarantees for the M10 Industrial Park project in Lviv amount to up to 9.1 USD million.
<b>Investment guarantees from the German government</b>	German government	<p>The German government will cover the conversion and transfer risks of interest payments on investment loans. These are long-term loans that German companies often use – in addition to traditional equity participation – to finance their Ukrainian subsidiaries.</p> <p>Processing fee based on the maximum amount of the investment guarantee (sum of capital and income cover):</p> <ul style="list-style-type: none"> <li>• up to 5 EUR million: free of charge</li> <li>• over 5 EUR million: 0.05% (up to a maximum of 10.0 EUR million)</li> </ul>
<b>Export Credit Agency in Ukraine (ECA)</b>	Ukrainian government	A recent innovation in the ECA's activities to encourage investment lending during wartime has been to provide insurance and reinsurance for investments by international and Ukrainian companies, including against military and political risks (caused by armed aggression, hostilities or terrorism). An insurance contract can cover one or multiple war and/or political risks. The ECA determines the insurance tariff for each individual contract according to its tariff policies.
<b>Export Credit Agency in Germany, ensured by Euler Hermes</b>	German government	The German government has commissioned Euler Hermes to manage the export credit guarantee scheme. The maximum country limit for Ukraine is 250 EUR million and a limit of 10 EUR million applies to individual transactions. A strict risk assessment is carried out on a case-by-case basis based on the audited IFRS documents. In cases of doubt, bank collateral or government guarantees are required.

Source: AHK Ukraine

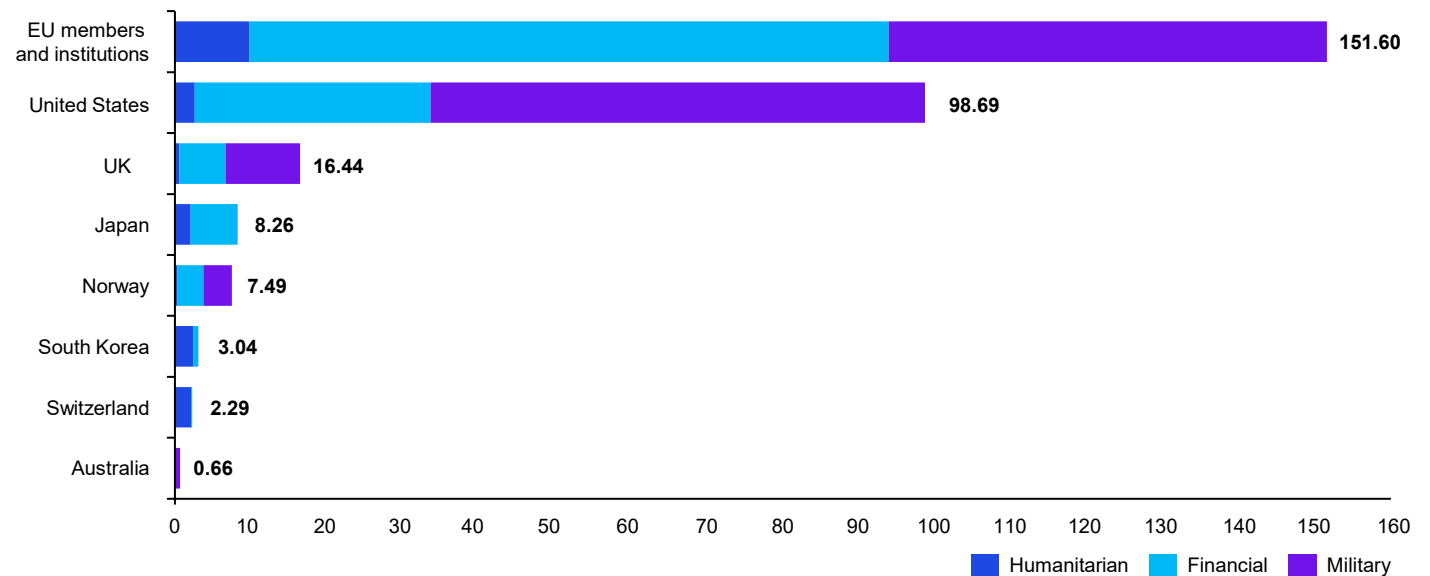


# EU countries lead support for Ukraine in terms of aid



- Since the beginning of the full-scale Russian invasion of Ukraine in 2022, **significant financial contributions have been made globally to support Ukraine**, encompassing humanitarian, financial, and military aid. As of 30 April 2024, the total bilateral aid from the eight largest contributing economies amounted to 288.5 EUR billion.
- According to the Kiel Institute for the World Economy (IfW Kiel), EU countries and institutions, including the EU Investment Bank, the European Commission, and the European Council, have pledged a total of 151.6 EUR billion in aid to Ukraine as of 30 April 2024. **This significant commitment places the EU at the forefront of global support efforts for Ukraine**, demonstrating a strong unified response from European nations and institutions.
- **The United States follows** with support amounting to 98.7 EUR billion, which is **equivalent to roughly two thirds of the EU's contribution**, with the majority of this contribution is allocated to military support. The United Kingdom has also pledged significant aid, amounting to 16.4 EUR billion.

Figure 21: **Total bilateral aid: Government commitment (in EUR billion), as of 30 April 2024**



Source: Ukraine Support Tracker, IfW Kiel Institute for the World Economy, 04/2024

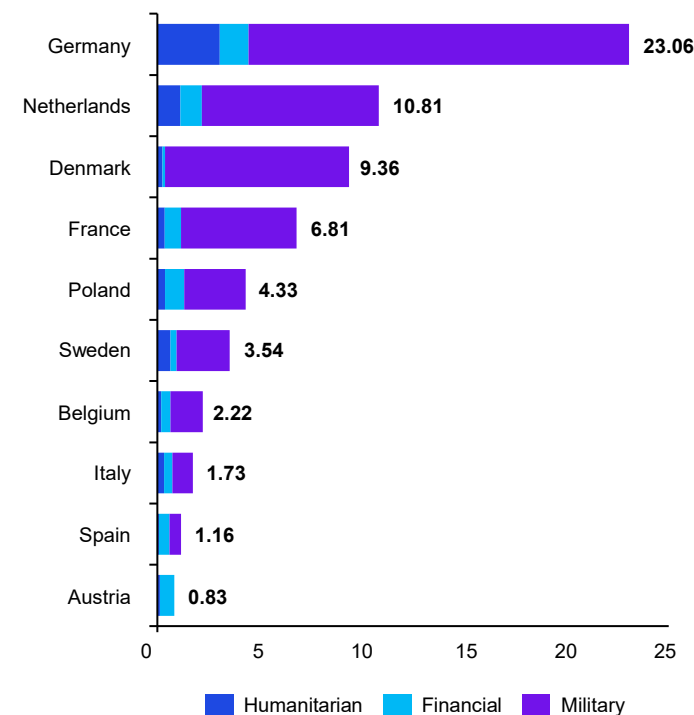


# Germany remains Ukraine's largest supporter among EU countries



- **Within the EU, Germany is providing the most support for Ukraine** in the form of humanitarian, financial and military aid, amounting to **15.2%** of total EU bilateral aid
- **The Netherlands, the second-largest supporter within the EU**, contributes approximately one half of the aid provided by Germany. **Behind the Netherlands**, countries such as **Denmark, France, and Poland** also provide significant support
- As of April 30, 2024, German aid for Ukraine amounted to 23.1 EUR billion, **positioning Germany as the second-largest contributor globally** in terms of bilateral aid. The majority of German support is allocated to military aid, totaling 18.6 EUR billion, while humanitarian and financial aid amount to 3.1 EUR billion and 1.4 EUR billion, respectively
- **The German government is actively supporting the sustainable reconstruction of Ukraine** through several initiatives, including the national "Reconstruction Ukraine Platform," which aims to enhance the networking of non-state actors for reconstruction efforts. Additionally, Germany is involved in the international G7-Ukraine platform to coordinate reconstruction donor efforts

Figure 22: Total bilateral aid by EU: Government commitments (in EUR billion), as of 30 April 2024



Source: Ukraine Support Tracker, ifw Kiel Institute for the World Economy, 04/2024

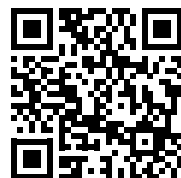
# About us



## KPMG in Germany

KPMG is a network of independent members firms with around 273,000 employees in 143 countries. In Germany, KPMG is one of the leading auditing and consulting companies and has around 14,000 employees at 27 locations. Our services include Audit, Tax, Consulting and Deal Advisory. Legal advisory services are provided by a legally independent firm.

KPMG in Germany has set up Country Practices for all relevant business corridors between Germany and other countries/regions. All Country Practices are staffed by country experts who know the special characteristics and the regulatory environment of these markets, regularly work in these countries and advise German and global multinational companies on their country/corridor-related questions on a daily basis.



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## KPMG in Ukraine

In Ukraine, KPMG has been operating in Ukraine since 1992. The firm provides Audit, Tax, Consulting and Deal Advisory services and employs over 500 people. A client portfolio includes a number of the large and well-known industrial, manufacturing, and financial companies in Ukraine. Offices are located in Kyiv and Lviv.



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## AHK Ukraine

The German-Ukrainian Chamber of Industry and Commerce (AHK Ukraine) is part of the global network of German Chambers of Commerce Abroad (AHK) with 140 locations in 92 countries. It was founded in Kyiv in 2016 and has been supporting member companies in their international business as an important platform for bilateral economic exchange ever since.



[www.ukraine.ahk.de](http://www.ukraine.ahk.de)



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