



Ukraine reconstruction project

The newsletter on the main recent developments

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March brought about challenging circumstances on the front line, with intensified shelling, particularly targeting energy infrastructure. However, it also marked significant announcements concerning the Ukraine Facility and the approval of the complex Ukraine Plan by Ukrainian Cabinet of Ministers.

In this newsletter, we'll explore the latest developments surrounding the mechanisms of the Ukraine Facility, the establishment of the Business Advisory Group by the Ministry of Restoration, updates in the energy sector, and delve into key statistics of the Ukrainian tech industry from research conducted by the Ukraine IT Association. Additionally, we'll cover several announcements regarding funds raised by Ukrainian startups.

Ukraine reconstruction: key figures

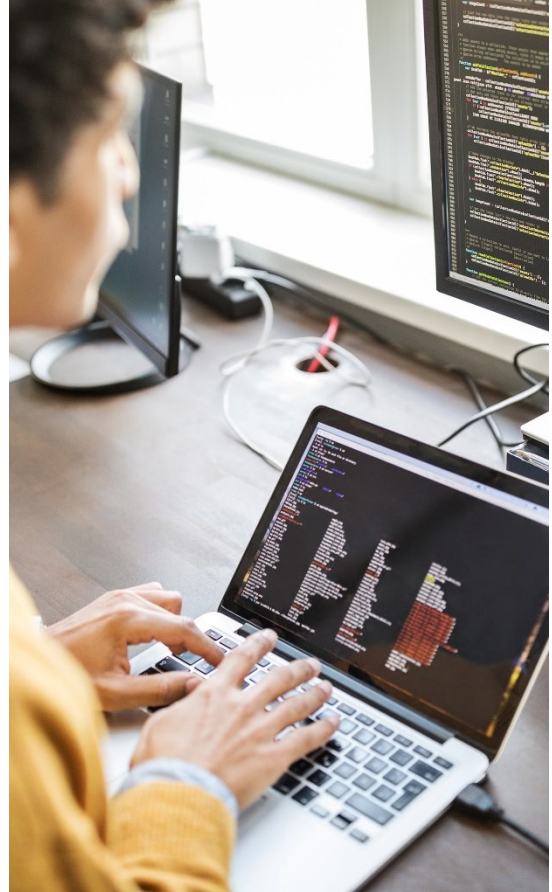
The State Ukrainian IT Industry

IT industry represents a very important sector for the resilience of Ukraine's economy amid war.

Mid-March the Ukraine IT Association issued research about the IT industry in Ukraine “**Digital Tiger: the Power of Ukrainian IT research for 2023**”, in which they delve into the state of the Ukrainian IT industry and its importance in the Ukrainian economy, the level of development of the Ukrainian IT industry compared to other countries, the strengths of the Ukrainian IT business and promising areas of its development, as well as Ukraine's challenges and the most successful Ukrainian brands.

The main sectors of IT ecosystem growth are CyberTech & Cybersecurity, AI and IoT, HealthTech and AgriTech, EdTech and GovTech – with the latter being modelled worldwide – and many others.

We will investigate some key figures of the report:



IT Industry Exports in 2023

- **\$6.7 billion** account exports of IT services.
- **4% is the share of IT services export is the GDP** (grew 5.7 times over the last decade with a slight decrease by 0.6% compared to 2022).
- **41% is a share of IT services export in export of services**, more than 35 percentage points growth since 2013.
- **13.2% is a share of IT services exports in total exports of goods and service.**

IT Companies and IT talents

- **2300+ IT companies are part of Ukrainian Tech Ecosystem** – an online database of IT companies, people, investors, and the technology ecosystem in Ukraine (while the number of official legal entities is 8000+, as one company may consist of several legal entities).
- **346 200 people working in the IT industry** VS 194 000 in 2018.
- **87% of IT specialists are higher education graduates.**
- **85% of IT specialists** work either fully **remote** or more often remote.

- Ukraine ranks 15th in the world in terms of technical skills according to Coursera Global Skills Report.

Digitalization in Ukraine

- **64% of Ukrainians used state e-services** in 2023.
- **20 mln Ukrainians use the Diia App** including 14 digital documents and over 30 government services.
- **880+ IT companies are residents of the Diia City Space** – a unique tax and legal space for IT companies in Ukraine.

Startup Ecosystem

- **2600 startups in Ukraine** as of January 2024 from which **more than 200 established in 2022-2023**.
- **\$23.3 bln is a market size** of startup industry in Ukraine in 2022.
- **90% see high growth** potential in the future.
- **62% see their advantage in flexibility and ability to adapt** in changing circumstances.

The full report is available via the [link](#).

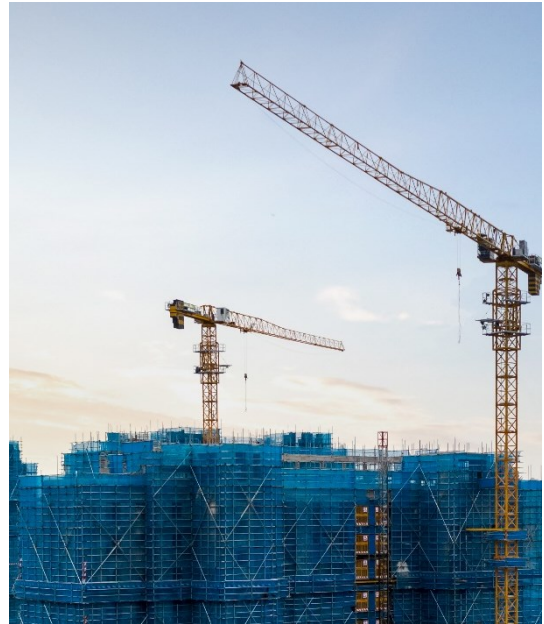
Sources: Ukraine IT Association report Digital Tiger: the power of Ukrainian IT Research for 2023

Key developments for Ukraine's reconstruction

The Cabinet of Ministers approved Ukraine Plan under the Ukraine Facility

On March 18, the Cabinet of Ministers of Ukraine approved the Ukraine Facility Plan, which will become the basis for the implementation of the EU's €50 bn financial support programme for Ukraine in 2024-2027. Of this amount, €38.27 bn (\$41.7 bn) will be allocated to support the state budget, €6.97 bn (\$7.59 bn) to the investment fund, and €4.76 bn (\$5.18 bn) to technical and administrative support.

Following the approval of the Plan by the Cabinet of Ministers of Ukraine, its text will be sent to the European Commission for evaluation and approval by the Committee of EU Member States, after which the Ukraine Facility program will finally enter into force.



The Ukraine Facility Plan envisages the implementation of structural reforms in the public sector, a number of economic reforms aimed at developing the business climate and entrepreneurship, as well as steps to develop priority sectors that can ensure rapid economic growth. The Ukraine Facility Plan includes **more than 150 indicators in 69 reform areas** to be implemented by 2027. The Plan was developed in full synchronization with Ukraine's key international partners. In this regard, the indicators provided for in the Plan partially correspond to Ukraine's existing international commitments under other agreements.

The Ukraine Facility Plan also includes 16 investment indicators, which are included in the general list of changes. To meet them, it is necessary to continue and **strengthen programs for infrastructure development, demining, renewable energy, support for small and medium-sized enterprises**, etc.

Funding under the Ukraine Facility program is directly dependent on the achievement of the indicators set out in the Ukraine Facility Plan. In 2024, more than 36 indicators are planned to be implemented in the areas of improving public financial management, fighting corruption, managing state property, developing human capital, improving the business environment, and developing priority sectors.

On March 20, the State Budget of Ukraine received the first tranche of EUR 4.5 bn in bridge financing under the European Union's Ukraine Facility and may receive the next tranche of EUR 1.5 bn under the bridge financing in April.

More details on Ukraine Plan and Ukraine Facility are available via the [link](#).

Sources: Ministry of economy of Ukraine, Ministry of finance, European Parliament

The Ministry of Restoration launches Business Advisory Group for Reconstruction

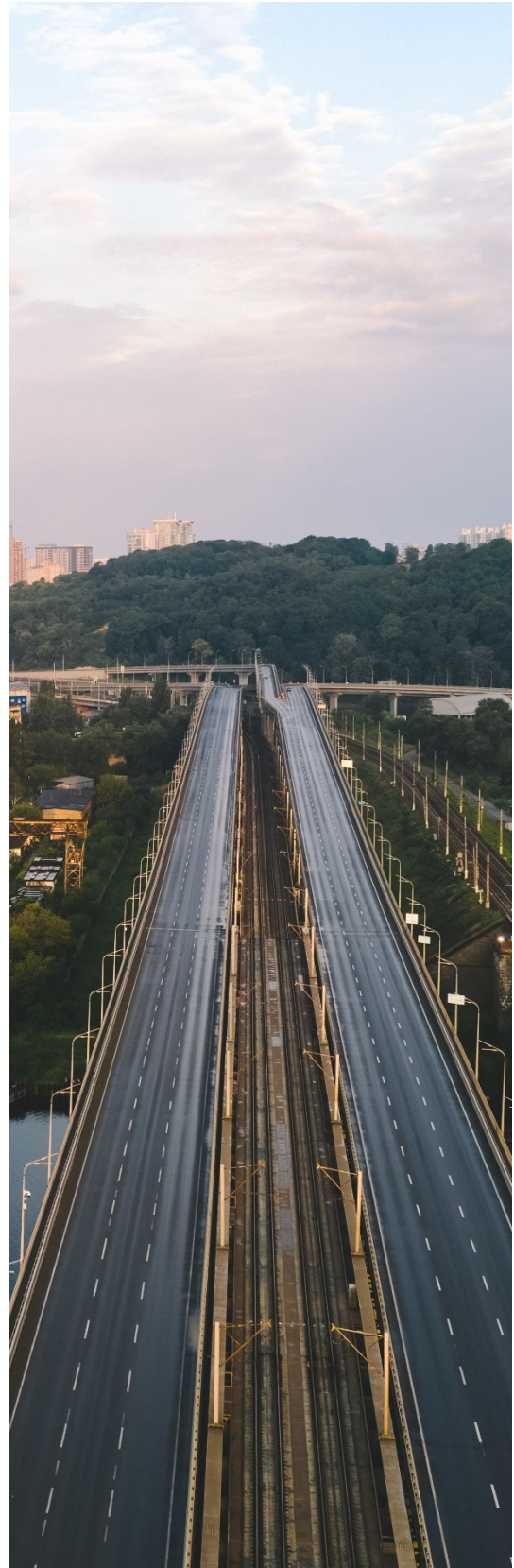
On March 26, the **Ukrainian Ministry of Restoration** presented **Business Advisory Group for Restoration (BAGR)** that is a collaborative effort of the Ministry and **USAID/UKAid SOERA** aimed at fostering engagement of Ukrainian and international businesses to support the restoration efforts in Ukraine and stimulate economic growth at subnational level. It will play a role of communication platform for an interaction between the Ministry and businesses for the reconstruction projects and any other inquiries that companies might have while prospecting or implementing reconstruction projects.

According to BAGR, one of components of BAGR's long-term vision is developing a database of problems and challenges that can become the basis for priority reforms for business in the field of reconstruction, restoration, and recovery, therefore BAGR will collect and aggregate the data in order to promote and facilitate more systematic action.

The Business Advisory Group for Reconstruction (BAGR) is open to ideas and suggestions from businesses and business associations. Businesses interested in reconstruction of Ukraine can join the BAGR by completing the form via the link: [Join the Business Advisory Group for Restoration \(google.com\)](https://jointhebusinessadvisorygroupforrestoration.google.com).

During presentation, **Ministry of restoration outlined the estimated 2024 recovery and reconstruction priorities for \$15.3 bn**, among which housing and utilities for \$3.1 bn, transport and logistics for \$2.3 bn, energy for \$2.7 bn, social infrastructure and services for \$2.4 bn, industry and services for \$3.6 bn and cross-sectoral priorities incl. demining for \$1.2 bn.

Sources: Ministry of restoration, BAGR



Energy sector destructions

During March, **shelling intensified on Ukraine's energy infrastructure**, reaching a peak on March 22nd. The energy sector suffered extensive damage, particularly in generation.

The Dnipro Hydroelectric Power Plant (DniproGES), **Ukraine's largest hydroelectric station, situated in Zaporizhzhia, was among the damaged facilities**. Ukrhydroenergo, the country's hydroelectric company, lost 20% of its regulating capacity as a result. Overall, **Ukraine's energy system lost over 1000 MW of regulating capacity**.

DniproGES, with an installed capacity of 1578.6 MW as of January 2022, comprises two power stations: DniproGES-1 and DniproGES-2. Both stations, equipped with various hydro units, sustained damage.

Assessments of the damages are ongoing, but DniproGES is currently non-operational. Several missile strikes caused damage to electrical equipment, hydro turbines, and building structures. Ukrhydroenergo estimates that restoring operations could take several years, with the production of custom electrical equipment typically requiring 9–12 months and the restoration of hydro units as a whole ranging from 18 to 24 months.

During the same shelling, **DTEK, Ukraine's largest energy generation company, lost 50% of its installed capacity. Two of their stations, "Burshtynska" and "Ladizhynska," were affected**. Reparations for these stations are estimated to take between 6 and 22 months, with initial equipment destructions totaling approximately \$200 million.

In total, **roughly 50% of Ukraine's energy infrastructure has been damaged by shelling, according to Ukraine's Minister of Energy, Herman Galushchenko**.

Sources: Ministry of Energy of Ukraine, Ukrhydroenergo, DTEK, Ukrainska Pravda

International benchmark

EU suggests using profits from Russian frozen assets for military support of Ukraine

The European Union is preparing legislation to enable Ukraine to receive profits from frozen Russian assets, commencing in July.

EU leaders have agreed to allocate a significant portion of these profits to Ukraine, primarily for military spending. The Council has been tasked with developing the 8th support package for Ukraine under the European Peace Facility.

The current discussions are about utilizing extraordinary revenues from Russia's frozen assets to assist Ukraine, potentially including funding for military assistance.

The European Commission has proposed transferring approximately €3 billion per year to Ukraine, with 90% allocated for military purposes and 10% for the general budget.

Pending approval by EU member states, **this proposal could result in the first payment to Ukraine as early as July.** The plan involves implementing a windfall tax on profits generated by the immobilized reserves, aiming **to utilize the funds to supply weapons to Ukraine and enhance its defense industry.**

Sources: European Commission, Bloomberg, Ukraine Rebuild Newswire



The Ministry of Economy and Palantir technologies have signed a partnership agreement to automate demining processes with the help of AI

Beginning of March, the Ukraine's Ministry of Economy and Palantir Technologies have signed a partnership agreement. The American giant will use artificial intelligence to assist Ukraine in demining territories.

Palantir Technologies specializes in big data analysis. One of its main investors is Peter Thiel – the first investor in Facebook and one of the co-founders of PayPal. Its shares have been traded on the New York Stock Exchange since 2020, Palantir's revenue in 2023 is \$2.23 billion.

The agreement includes specific provisions for cooperation in the following areas:

- Digitization of humanitarian demining operations, automation of processes outlined in the National Mine Action Strategy for the period until 2033.
- Expansion of digital capabilities for coordinating land release and assessment, prioritization of regions, and risk management in mine action activities.
- Utilization of an AI-powered assistant based on the Palantir Artificial Intelligence Platform (AIP) for decision-making in mine action activities.

The cooperation documents were signed in London. The goal of the joint project is to demine territories as quickly as possible with minimal resource expenditure. In particular, the Palantir AIP platform will be able to analyse information about specific areas and advise on the most effective demining methods.

Source: Ministry of Economy, In Venture

Focus on private sector: technology

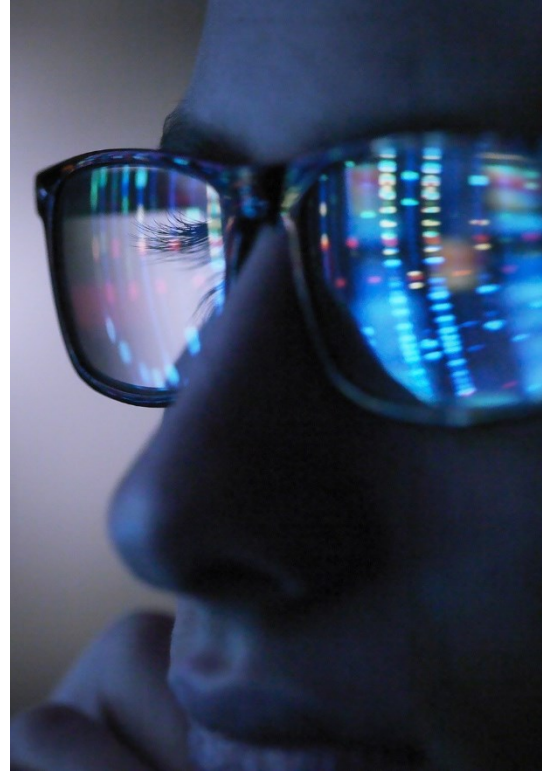
15 Ukrainian IT companies are recognized as the world's best outsourcers

The international professional association IAOP published its annual ranking of the best outsourcers in the world **2024 Global Outsourcing 100**. This year, it includes 15 Ukrainian companies, as well as a number of outsourcers with offices and R&D in Ukraine.

To determine the winners in the outsourcer rating, four main criteria are taken into account: customer reviews, certifications and awards, innovative solutions and corporate social responsibility programs.

Global Outsourcing 100 ranking lists such Ukrainian companies as ELEKS, Redwerk, QAwerk, COMPUTOOLS, Infopulse, Innovecs, Intellias, Jelvix, Light IT Global, Miratech, N-iX, NIX United, Softengi, Svitla Systems and Trinetix.

Source: IAOP, AIN Tech



The Ukrainian Startup Fund and Western NIS Enterprise Fund launch a USD 2.5 million Grant Programme

The Ukrainian Startup Fund (USF) and Western NIS Enterprise Fund (WNISEF) launch a Grant Programme **to support Ukrainian technology companies at the pre-seed and seed stages, with a total budget of USD 2.5 million.**

In recent years, Ukraine has gained a strong reputation in the international arena as a country with huge innovation potential. Even amid the war, **the country was ranked 55th in the Global Innovation Index in 2023, which is 3 positions higher than last year's result.**

The Ukrainian Startup Fund will be responsible for the management and implementation of the



initiative, while the Western NIS Enterprise Fund will act as a financial partner, providing the necessary resources for the successful implementation of the project. The programme will provide an opportunity to receive a grant of up to \$25 000 for projects at the Pre-seed stage and up to \$50 000 for projects at the Seed stage. At one time, such startups as Esper Bionics, Upswot, Finmap, Zeely, Mate Academy, Harmix took advantage of a similar opportunity, and today these companies are known all over the world.

During the program duration until 31 December 2025, it is planned to fund 74 teams.

Source: Ukrainian Startup Fund

Ukrainian startup OneNotary raises \$5M in a Series A investment

Ukrainian startup OneNotary, which assists American notaries in certifying documents online, has **announced the closing of a \$5 million Series A round and the beginning of a partnership with DocuSign**, as stated in the company's announcement.

Previously, the startup raised \$1.75 million from a range of Ukrainian and international funds at the beginning of 2022. At that time, the average valuation for such a round ranged from \$10-15 million. With the new funding, OneNotary's valuation is closer to \$20-25 million, according to a source reported by Forbes Ukraine.

The round was led by Jackson Square Ventures with the participation of DocuSign founder Tom Gonser, as well as existing investors DocuSign Ventures, GoodPaper Ventures, Digital Future, The LegalTech Fund, and u.ventures. OneNotary will use the fresh capital to accelerate marketing and sales, strengthen partnership relations, and for further product development to meet the demand for online verification services.

DocuSign and OneNotary have entered into an official partnership with the goal of integrating OneNotary into the DocuSign lineup of notarial solutions. The integration is set to launch early this summer. DocuSign's products and solutions are used by over 1 million clients and over 1 billion users in more than 180 countries, including to expedite business processes.

Source: In Venture, Forbes UA, Business Wire



Ukrainian climate tech startup Carbominer secured €1.5M grant from EIC Accelerator

Earlier this year, Carbominer a climate tech startup founded in 2020 by a Ukrainian innovator with an engineering and corporate background Nick Oseyko, signed the Grant Agreement with the EIC Accelerator Fund. With this formal action, **Carbominer secured a €1.5 Million grant and is eligible for up to €7.5 Million in equity at the later stages of the project.**

EIC Accelerator is one of the biggest funding opportunities in Europe, supporting innovative startups and high-risk small and medium-sized businesses that might contribute to rapid economic growth and sustainability transition.

The technology developed by Carbominer allows to capture carbon dioxide from the atmosphere (Direct Air Capture) and is shaped in two modular units – for CO2 capture and regeneration. The first focus area where the team aims to make an impact is Indoor Agriculture. The vision driving the team is to enable more sustainable and efficient food production by supplying green atmospheric CO2 to indoor farmers.

Carbominer is the second Ukrainian startup to receive financing under the new EIC Accelerator program, operational since 2021. In 2022 the same type of financing was received by another startup with Ukrainian roots, Releaf Paper.

Carbominer was funded by Ukrainian fund SMRK VC and in 2023 secured additional funding from Swiss Business Angel, reaching a mark of exactly \$1 Million raised in equity investment. Now the team is negotiating the late seed raise to complement the EIC Accelerator funding and aims to close the round during spring.

Source: Carbominer, European Innovation Council



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[1] Where permitted under applicable country laws.