

# 4.7. HOUSING, RECONSTRUCTION AND BUILDING MATERIALS

## 4.7.1. Current situation and sector role

### HOUSING

The total reconstruction and recovery needs are estimated at **USD 80.3 billion** for the 10 years from 2024–2033

Over 10% of the total housing stock either damaged or destroyed and close to 2 million households affected, housing continues to be one of the most impacted sectors. Given the sheer volume of damage to the housing sector and the resulting needs and negative impact on prolonged displacement, the GoU, including local authorities, as well as international partners and donors have prioritised housing recovery and building back better since the onset of the war. Thus far, the housing sector has incurred an estimated USD 55.9 billion in damages.

### WATER SUPPLY AND SANITATION SERVICE

Since the onset of the war, the water supply and sanitation sector has experienced damage and losses and has struggled to provide services in difficult circumstances. The ongoing fighting and attacks on critical civil infrastructure have significantly affected water supply and sanitation service provision. In addition, the power outages and problems with electricity supply have significantly affected service delivery throughout the country.

The total reconstruction and recovery needs are estimated at **USD 11.1 billion** for the 10 years from 2024–2033

### MUNICIPAL SERVICES

Continued damage to communal infrastructure has widened gaps in service delivery and has further strained the capacity of local governments. Prior to the war, service provision of utilities and infrastructure across all regions was irregular and had low coverage rates. The solid waste management sector was especially in need of urgent investment and reforms. The gaps in infrastructure and service delivery can also be seen in commonly delayed repairs to local roads. Central heating systems, however, had high penetration (about 47%), particularly in Ukraine's larger cities. Centralised heat supply systems undergo significant destruction as a result of regular shelling and lack of electricity, which significantly hinders the life of large cities.

The total reconstruction and recovery needs are estimated at **USD 11.4 billion** over a period of 10 years



# 41.6%

In 2023, construction production and services output increased by 41.6% in hryvnia terms (25.2% in USD) compared to 2022 but did not reach the pre-war level even in hryvnia terms (adjusted for inflation)

At the same time, the shares of residential and non-residential construction works in the total volume of construction production and services are 13.7% and 25.6%, respectively. Given the significant destruction and damage to real estate (including residential) due to the full-scale invasion of Russia, the volume of construction products produced in the years following the war's end, according to market experts, is likely to exceed the pre-war figure of USD 6.6 billion.

The construction materials market has significant role in renovating housing stock and other real estate. In residential real estate construction, 60% of the total construction cost (depending on the complexity and type of the object) is related to the cost of construction materials. Considering

the above, procurement of construction materials from outside Ukraine can significantly increase expenditure, as additional logistics and customs costs can be high. In addition, there is a significant demand for construction materials from private households whose housing has been completely destroyed, estimated at approximately 59 million square metres.

Since the beginning of the full-scale war and until 2024, the construction materials industry has undergone several changes due to the occupation of Ukrainian territories, disruption of supply chains and military operations. According to «the Institute for International Economic Research», about 15% of building materials producers have suffered varying degrees of damage.

**Restoration of these enterprises in the war is complicated, and the following are among the main reasons:**

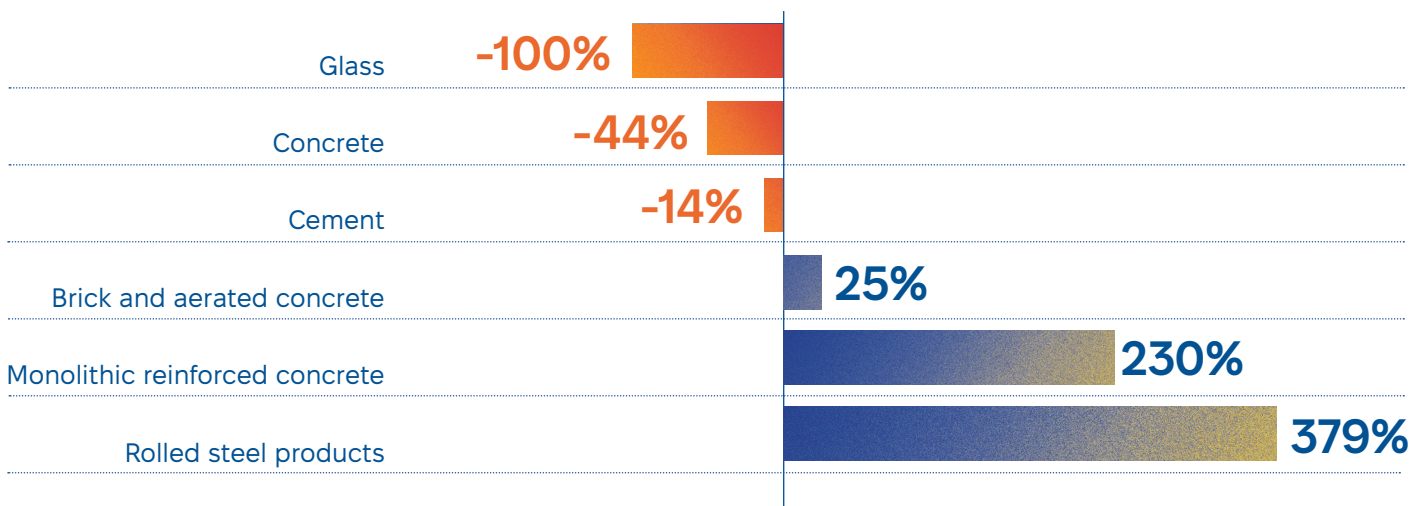
- possible shortage of electricity supply
- expensive loans
- shortage of personnel

Given the damage and/or destruction of domestic enterprises, experts say that the share of imported construction materials in the Ukrainian market has increased from 14% in 2021 to 23% in 2023, and the domestic construction materials market needs systematic support from the state.

Different sectors of the construction materials market are asymmetrically developed. The exact structure and volumes are unknown, as producers have the right not to report to conceal information from the enemy.

Based on the data of the State-Owned Enterprise Ukrpromzovnisheksperityza, it is possible to make judgments about the adequacy of the capacity of several key sectors to cover the needs during the recovery:

**Figure 1: The balance of domestic demand and supply for building materials<sup>1</sup>**



Capacity deficit (-) / surplus

<sup>1</sup>SE Ukrpromvnesheksperityza, Interfax-Ukraine

## GLASS PRODUCTION SECTOR

For example, the local market had almost no presence of the glass production sector. **According to the website construction-market.korfor.com.ua, as of the beginning of 2023, only 29 companies reported about their business activity within sheet glass production.** At the same time, the largest glass production plants, such as Lysychansk Proletar, Kostiantyniv Glassworks, Avtosklo, and Zaporizhzhia Glassworks, are located in

eastern and southern Ukraine, where there are high risks of missile attack or seizure of territory and loss of business. Even before the war broke out, the Glass of Ukraine Association of Glass Industry Enterprises reported that the critical cost of energy resources was putting additional pressure on the producers' capabilities. According to the latest data, there is no any sheet glass produced in Ukraine.

## CEMENT INDUSTRY

As of early 2024, the cement industry in Ukraine is capable of producing a maximum of 13.6 million tonnes of products, with the possibility of expanding by 2.4 million additional tonnes, according to the Ukrcement Association. This could partially cover demand during the post-war recovery, but the current demand is less than 10 million tonnes per year. Before the war (2021), the industry was export-oriented, with Romania (67.0%), Hungary (15.6%), and Moldova (9.2%) being the main importers. The leading supplier of foreign cement was Turkey (90.5%). Today, the sector remains self-sufficient, and imports are mainly specialised types of cement that are not produced in Ukraine. The cement market is concentrated in the hands

of a few companies, and as of 2023, according to forbes.ua, Cemmark (14%), Dyckerhoff (32%), Ivano-Frankivsk Cement (44%), and Kryvyi Rig Cement (10%) held almost 100% of the market. Ivano-Frankivsk Cement has the largest plant in Ukraine. Only one of the remaining 8 plants in Balakliya was damaged during the invasion. Potentially, after the liberation of all territories, a cement plant in Bakhchisarai and 2 plants in the Donetsk region will join the market. Ready-mix concrete production is heavily dependent on cement as the main ingredient. Unlike the cement market, about 250 companies produce ready-mixed concrete. The cost of concrete has increased by 2-3 times on average compared to 2021.

## ROLLED STEEL INDUSTRY

The aerated concrete market in Ukraine is quite large, with Ukraine ranking 5th in terms of production in Europe, according to the Inventure group. According to Pro-Consulting, over the past 3 years before the war, the market grew by an average of ~13%, which is attributed to the absorption of brick market share. Since the beginning of the war, the sector has fallen by almost half. Difficulties

in business development during the war are similar to those in other sectors: low demand, mobilisation of men and the price of energy. Additionally, the rising cost of raw materials, which accounts for ~65% of the cost of aerated concrete, has an impact. The sector depends on cement producers, who have difficulties with production facilities and operation liquidity.

## BRICK MARKET

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## AERATED CONCENTRATE MARKET

The takeover of the brick market by the gas block is supported by a review by the Korfor analytical group, according to which ceramic brick production has declined by 17.3% in physical terms over the past 5 years. **At the beginning of 2023, 651 companies were registered as brick producers.** The current demand is covered mainly by domestic production of 1.5 billion

bricks annually, but according to his estimates, the demand could grow by a multiple of up to 14 billion. There are 9 companies among the largest producers of different types of bricks in Ukraine: "Litos", "Land Brick", "DZBM", "Euroton", "Kerameya", "SBK", "Fahot", "Silta Brick", and "Bila Tserkva Brick Plant".

The global market for building materials is actively growing, with an annual increase of approximately 3.9%, according to the expert group SkyQuest. China remains the largest local market, while the Indian market is experiencing the fastest growth. The largest segment is reinforced concrete, accounting for about 45%. Among the trends, analysts highlight two main ones: increasing the use of technologies in production and construction (including building information modelling, the use of drones in construction, 3D printing of buildings), as well

as the growing popularity of modular constructions. In addition, the market for «green» building materials is actively growing, which as of 2023 amounted to USD 422 billion, according to Fortune Business Insights. With optimistic estimates, the market is expected to grow by about 15% annually. For the Ukrainian market, this may result in additional competition, as against the backdrop of tightening regulations in the production of building materials, foreign competitors may appear with more environmentally friendly and energy-efficient materials.

## 4.7.2. Overview and outlook of key reforms

### Reform 1.

On December 16, 2015, the Cabinet of Ministers of Ukraine adopted a resolution “On determining the areas of activity in which the central executive authorities and the Security Service of Ukraine perform technical regulation functions”, which identified the central body that will conduct technical regulation of the production of construction materials, this function is assigned to the Ministry of Community Development, Territories and Infrastructure of Ukraine.

### Reform 2.

In mid-2020, the requirements for construction materials were updated, namely, the list of standards was amended by Order No. 153 “On Approval of the Lists of National Standards, Compliance with Which Gives Presumption of Compliance of Products with the Requirements of the Technical Regulations for Construction Products, Buildings and Structures”. According to the law, construction products must meet the basic requirements set out in the Technical Regulations for the structures in which they are used, in particular, national «DSTU» standards and harmonised European «DSTU B EN» standards, building codes and must be marked with a national conformity mark. Only such products can be freely sold and used in construction in Ukraine.

### Reform 3.

The Law of Ukraine, “On the Provision of Construction Products on the Market”, adopted in 2020, came into force on January 1, 2023. The law regulates the organisational and legal aspects of declaring the characteristics of construction materials and putting them on the market. The adoption of this law marked the first preparatory stage for the implementation of Regulation (EU) 305/2011. Subsequently, the practical implementation of this standard will take place, which involves the adoption of standards for the purposes of the law, the preparation and accreditation of laboratories, and regulatory assessment bodies, as well as the designation of accredited laboratories and bodies. The full effect of the law was originally intended to take place at the beginning of 2023, but due to complications associated with the war, this implementation has been extended until the beginning of 2025. Overall, according to publicly available data, around 1300 standards in the relevant field have been implemented in Ukraine, but it is noted that not all necessary standards have been implemented yet.

### Reform 4.

There is also the issue of construction waste. According to estimates by the Ministry of Environmental Protection and Natural Resources of Ukraine, the amount of demolition waste in Ukraine due to the military aggression of Russia is already comparable to the amount of solid waste generated in the country on average per year, which is about 10-12 million tons. At the same time, there is no sufficient legal framework to regulate the implementation of recycling. So far, at least 2 acts regulating the management of this waste have been introduced during the war: The Law of Ukraine “On Waste Management” and the Resolution of the Cabinet of Ministers of Ukraine “On Approval of the Procedure for Waste Management Generated in Connection with Damage (Destruction) of Buildings and Structures as a Result of Hostilities, Terrorist Acts, Sabotage or Works to Eliminate Their Consequences and Amendments to Certain Resolutions of the Cabinet of Ministers of Ukraine”.

### Reform 5.

Another unresolved issue is the entry into force of Regulation No. 305 under the Law of Ukraine “On the Provision of Construction Products on the Market”. The innovation obliges manufacturers of construction materials to conduct testing of their product in the relevant laboratories and meet many technical requirements to obtain a product safety label.

### 4.7.3. Advantages of industry

Given existing and potential logistics bottlenecks, local producers can meet most of the domestic demand in the construction materials sector. However, in some sub-segments of the sector, such as glass, PVC, cement,

concrete, and mineral wool, there is not enough capacity to fully meet potential demand, and thus, companies in this segment are expected to have high utilisation and, accordingly, a shorter return on assets.

#### EXTRA JOBS, BUDGET CONTRIBUTIONS AND ENCOURAGEMENT TO RETURN IDPS

It is reasonable that the government, facing a budget deficit, encourages the development of domestic production. Companies that create added value in key areas will fill the budget and add value to the local market. Migration processes will generate a supply in the labour market and, during peak periods, seriously expand the staff. This will further encourage the return of some Ukrainians who have left Ukraine and/or are considered internally displaced.

#### ACCESSIBILITY OF RAW MATERIALS

As of 2024, Ukraine has lost significant territory and most of its mining industry. However, this industry is well developed, and most raw materials (clay, sand, stone) can be extracted in the territory controlled by the GoU. This is an important fact that will ensure the industry's sustainability, even in the changed environment, and can serve as a basis for further increasing economic activity in the sector.

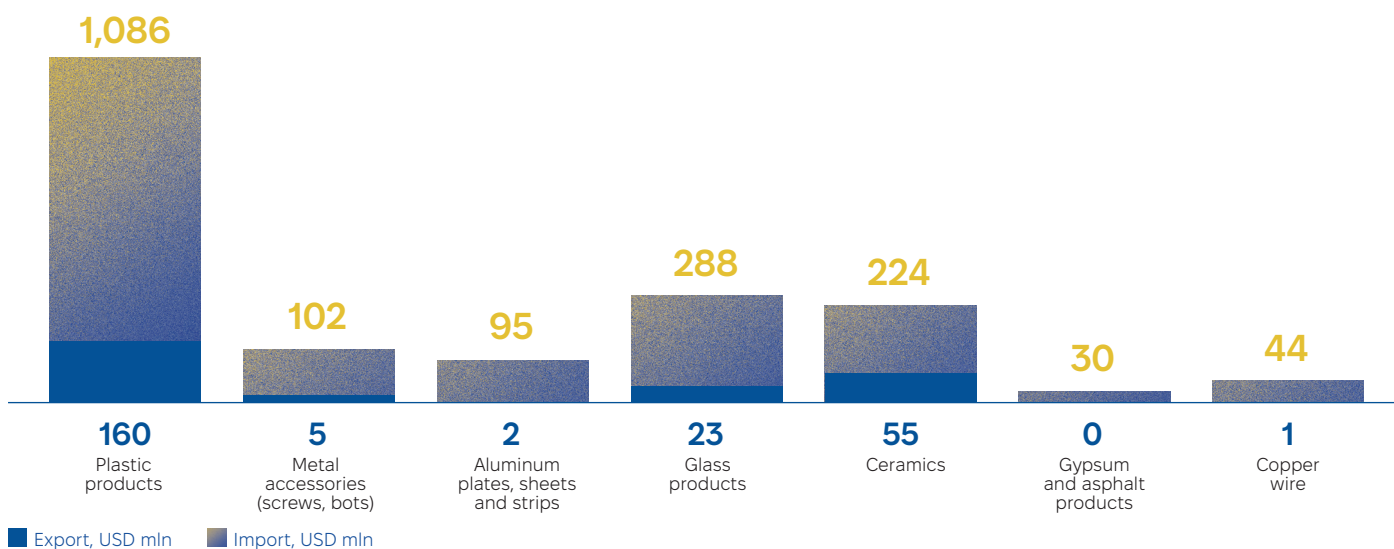
#### LOGISTICS

The extraction of raw materials and the production of construction materials in Ukraine allow for a complete cycle in the country's construction sector, thus avoiding the need for imports burdened by transportation costs and restrictions. Ukraine's transport and port infrastructure suffers from damage, but the current conditions allow the sector's products to be exported by road, rail and sea. Therefore, with a reliable supplier, it is possible to significantly reduce transportation risks across borders.

#### SUBSTITUTION OF IMPORTED FOREIGN BUILDING MATERIALS

As of 2024, the share of imported construction materials continues to increase. According to data from the state resource export.gov.ua, among the key selected materials for the results of 2023, the largest imbalance in favor of imports exists in: plastics and polymers (including construction products made of plastic, pipes, baths, showers, silicone, and other building products), metal fasteners (screws, bolts, nuts, etc.), glass products (excluding glass containers), ceramic products (including bricks), gypsum products, and asphalt. The potential deficit in the trade balance, which can be avoided, amounts to USD 1.6 billion.

Figure 2: Trade balance of building materials, USD million, 2023<sup>2</sup>



<sup>2</sup> Glass product - the group does not include glassware [https://export.gov.ua/770-dashbord\\_shchodo\\_eksportu\\_ta\\_importu\\_ukraini](https://export.gov.ua/770-dashbord_shchodo_eksportu_ta_importu_ukraini) Plastic products - The group includes only building materials and related goods

## 4.7.4. Prospects and potential for the sector

### PUBLIC PROCUREMENT AS A TOOL TO STRENGTHEN THE NATIONAL PRODUCER

The first and key goal is the reconstruction of Ukraine, which is being carried out even while military operations continue on its territory. According to information provided by the «Destruction and Recovery Map» project, approximately 20% of damaged or destroyed facilities are already being repaired or restored. However, despite this, the authorities are using imports of foreign products as a stopgap measure, although a study by Ukrpromvnesheexpertiza found that domestic production could meet the demand for reconstruction in several key sectors of construction materials. Market players are

interested in limiting imports of construction materials to groups sufficiently developed in the local market. The government will be the leading consumer of construction materials in the coming years. In addition to constructing and restoring destroyed civilian infrastructure, military procurement for constructing fortifications will generate a significant demand for rolled metal and cement. Therefore, with the active support of the national producer, the domestic market is expected to see growth in the industry's enterprises due to increased demand through public procurement.

### AMENDMENTS TO THE LEGISLATION IN THE FIELD OF CONSTRUCTION MATERIALS PRODUCTION IN TERMS OF ENVIRONMENTAL FRIENDLINESS

Another opportunity for development is to reduce the gap in environmental policy between Ukraine and the EU. In addition to the law "On the provision of construction products on the market," it is considered necessary to create state incentives for producing and using environmentally friendly materials. Unlike in the EU, Ukraine does not require disclosure of all information about the environmental friendliness of

materials. Also, there are no additional benefits for producers of eco-friendly building materials and eco-friendly construction projects. A significant amount of construction waste, which continues to increase due to destruction, needs to be recycled. One possible tool is a direct requirement to use a certain percentage of recycled secondary building materials, as in Germany and Denmark.

### CREATING ABSENT SECTORS FOR SELF-SUFFICIENCY

In the medium term, the lack of production of certain categories of construction materials in Ukraine should be resolved. According to Forbes, a segment such as the production of sheet glass is likely to be restored

thanks to three new production plants. In addition, the City of Glass industrial park was created in the Kyiv region for similar purposes, where it is planned to create a whole cluster of this sector.

### RECYCLING OF CONSTRUCTION WASTE

The large amount of construction waste in Ukraine is a challenge, as simply burying it can seriously impact the environment. Materials recycling will solve the pollution problem and provide additional

construction materials for reconstruction. As a first step to start recycling, 3 waste recycling lines are planned to be set up in Kyiv, one of the most affected regions.

### NEW CONSTRUCTION METHODS

Due to the extensive damage and limited budgets, households will likely choose modular houses. The market for these products was growing rapidly even before the war, but now they have the main advantages at a critical time - speed of construction and price. Therefore, in the future, the market for the production of SIP panels will expand for these houses, which, along with metal structures, are the main types of materials in the construction of modular

houses. Another significant trend that may increase demand for concrete is the 3D printing of buildings. This industry is still in its infancy in Ukraine, but the speed of construction and high level of automation are advantages over traditional construction. According to Forbes, at the end of 2023, the first private house in Ukraine was built using 3D printing in Irpin. There is also a case of building a school in Lviv utilising this technology.



**HOUSING, RECONSTRUCTION AND BUILDING  
MATERIALS**

# Highlighted investment projects

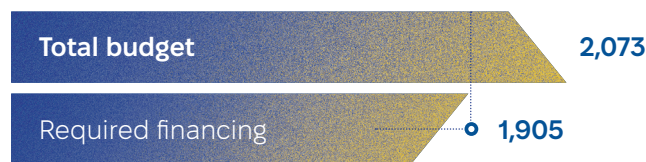
# DESTROYED AND DAMAGED HOUSING COMPENSATION

**PUBLIC SECTOR SPONSOR: MINISTRY FOR COMMUNITIES, TERRITORIES AND INFRASTRUCTURE DEVELOPMENT OF UKRAINE**

## WAR AFFECTED REGIONS

- **Brief Description:** Provide compensation to +93 thousand families for:
  - Damaged housing: restricted funds for repairs.
  - Destroyed housing: restricted funds for purchase of a new home or construction of new housing on existing land.
- **Impacted Populations:** Project will be implemented in at least 417 territorial communities that suffered from Russian attacks (including Kharkiv, Zaporizhzhia, Kherson, Dnipropetrovsk, Sumy, Mykolayiv, and Kyiv regions).
- **Impact:** Improved housing for ~92.6 thousand families (~277.6 thousand individuals), including ~60.4 thousand families (~181.0 thousand individuals) in damaged housing and ~32.2 thousand families (~96.9 thousand people) in destroyed housing.
- **Value Proposition:** Provide housing and quality of life necessary for people to remain in Ukraine and encourage refugees to return home. Project will drive growth and employment in the construction sector, economic growth overall, and encourage Build Back Better.
- **Trigger Event:** Half of Ukrainian territory has suffered from constant missile and drone attacks across Kharkiv, Odesa, Zaporizhzhia, Kherson, Dnipropetrovsk, Donetsk, Sumy, Luhansk, Mykolayiv, and Kyiv regions, causing massive destruction to housing

## Projects Highlights (\$, mln)



**Implementation Period:** Project will be ongoing until war ends.

### Additional Details:

#### Damaged housing

- Compensation is provided via bank cards to be used at authorized retailers or service providers for repairs
- Average damage compensation is \$1,625 for multi-family dwelling (MFD) and \$3,450 for individual private dwelling

#### Destroyed housing

- Compensation is provided via e-certificates to be used for new home purchase; or via a bank card if reconstructing
- Average compensation is \$20 thousand for MFD and \$477 for individual private dwelling.

- **Project Status:** Ongoing.

## BUSINESS MODEL:

Possible business models may include financing of compensation for (i) damaged housing in the form of restricted funds for repairs; (ii) destroyed housing in the form of either electronic housing certificates for the purchase of a new individual private dwelling or restricted funds for the construction of new housing.

## LINK TO REFORMS:

Project addresses Human Capital indicator 'Investment 4a. Compensation for damaged housing', by providing compensation to individuals whose housing was damaged or destroyed because of hostilities caused by the military aggression of Russia.

### Key partners

- Project implemented by Ministry of Restoration, including verification of damages on State Register
- Council of Europe Development Bank (\$108 million loan commitment)
- World Bank (\$60 million commitment under Project HOPE)

### Key Points of Project Implementation:

Project implemented with available funding but requires additional financing to meet existing and future housing demand



## HOUSING

# MULTIFAMILY DWELLINGS RECOVERY

## WAR AFFECTED REGIONS

- **Brief Description:** Repair of damaged and new construction of Multi-Family Dwellings (MFDs), and conversion of existing non-residential buildings into MFDs for ~81,260 families to provide living facilities to internally-displaced persons (IDPs) in Ukraine.
- **Impacted Populations:** Construction to be implemented in at least 11 regions affected by Russian attacks, including Kharkiv, Zaporizhzhia, Kherson, Dnipropetrovsk, Mykolayiv, Odesa, Sumy, Chernihiv, Zhytomyr, Kyiv and Cherkasy. These communities would become hubs for IDPs from occupied and front-line communities.
- **Impact:** Housing for ~81 thousand families (~244 thousand people) and enable ~500 IDPs to return to 104 MFDs in three regions; up to ~36.6 thousand private sector jobs will be created during implementation by engaging ~5 thousand construction and engineering firms.
- **Value Proposition:** Provide housing and quality of life necessary for people to remain in Ukraine and encourage refugees to return home. Drive growth and employment in the construction sector, economic growth overall, and encourage Build Back Better.
- **Trigger Event:** Half of Ukrainian territory has suffered from constant missile and drone attacks, across Kharkiv, Odesa, Zaporizhzhia, Kherson, Dnipropetrovsk, Donetsk, Sumy, Luhansk, Mykolayiv and Kyiv regions, causing massive destruction to housing and generating 4.9 million IDPs and 4.2 million refugees.

**PUBLIC SECTOR SPONSOR: MINISTRY FOR COMMUNITIES, TERRITORIES AND INFRASTRUCTURE DEVELOPMENT OF UKRAINE**

### Projects Highlights (\$ mln)



**Implementation Period:** Project will be ongoing until war ends.

### Additional Details: Project includes four key components:

- Develop design and budget documentation for 160 MFDs.
- Capital repair, construction and/or reconstruction for 676 MFDs and conversion of one non-residential building to an MFD.
- Preparation of tender documents, procurement, design, state expertise, implementation, commissioning, and handover.
- Repair work selected based on local community applications utilizing a bottom-up approach to identify needs using World Bank indicators and methodology.

**Project Status:** Ongoing.

## BUSINESS MODEL:

Possible business models may include: Build-only or Design-Build (DB) model based on the particular component needs.

## LINK TO REFORMS:

Project facilitates key recommendation from EU Enlargement report relating to coordination framework for engagement of regional and local stakeholders throughout policymaking; a coordinating role for MoR; and adequate regional angle for the Agency for Restoration by establishing and implementing coordination mechanisms within projects activities, including with WB and CEB support and expertise.

### Key partners

- Ministry of Restoration
- Agency for Restoration to assist local authorities (\$90m committed from the State budget)
- World Bank (\$12m commitment under Project HOPE)
- CEB to potentially share expertise

### Key Points of Project Implementation:

Project has been implemented with available funding but requires additional financing to meet existing and future housing demands

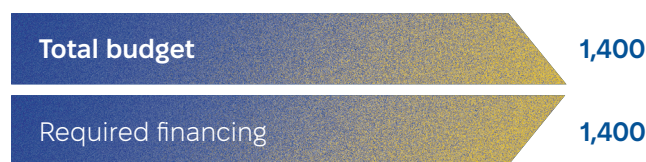
# SOCIAL AND AFFORDABLE HOUSING FUND

**PUBLIC SECTOR SPONSOR: MINISTRY FOR COMMUNITIES, TERRITORIES AND INFRASTRUCTURE DEVELOPMENT OF UKRAINE**

## CHERNIVTSI, LVIV, IVANO-FRANKIVSK, ZAKARPATTIA AND KYIV

- **Brief Description:** Seeks to address needs of IDPs and others unable to afford housing due to loss of income or other impacts of the war, including those who are disabled, elderly, children, veterans, and families of veterans killed during the war.
- **Impacted Populations:** Targets 7.9 thousand families on temporary housing registers and 7.9 thousand families on social housing registers. Project also benefits ~33% of Ukrainians that are low-income (households making <\$390 per month). War exacerbated negative economic impacts, with homes, assets and jobs lost.
- **Impact:** ~24 thousand social housing units in 5 regions will provide ~9.5 thousand families on temporary housing rosters and others with affordable housing rental rates, affordable rentals for ~60 thousand families, affordable mortgages for ~4.4 thousand families.
- **Value Proposition:** Provide housing and quality of life necessary for people to remain in Ukraine and encourage refugees to return home. Drive growth and employment in the construction sector, and economic growth overall.
- **Trigger Event:** Russian aggression has destroyed/damaged over 10% of housing stock, causing ~\$46.9b of damage to residential sector. Communities strained to provide adequate housing to IDPs due to antiquated Soviet laws and population shifts

### Projects Highlights (\$ mln)



**Implementation Period:** Ongoing, ~2 years (i.e., until social housing is sufficient).

### Additional Details: Includes three key components:

- Technical assistance to amend laws to enable housing fund and build software to create Unified Information and Analytical Housing System
- Creation of state/municipal social housing fund to construct new housing, rebuild existing housing, convert non-residential premises, overhaul housing facilities, other activities to provide housing with social rent to IDPs and those in need
- Affordable mortgages to IDPs via State Fund for Support of Youth Housing Construction.

**Project Status:** Ongoing.

### BUSINESS MODEL:

Possibilities include: Design-Build (DB), Build, Design Build Finance (DBF), as well as Maintenance and Operation in different combinations (DBFM, DBFOM), or only Operate/Maintain of social housing. Finance model may be appropriate for provision of affordable mortgages.

### LINK TO REFORMS:

#### Completes the following GoU indicators:

- Creation of framework to ensure sufficient supply of social housing.
- Creation of a transparent system of registration of citizens' housing needs to ensure a prompt response at the local level.
- Provide financial mechanisms for affordable mortgages.

### Key partners

Ministry of Restoration

### Key Points of Project Implementation:

Project implementation has begun with available funding but requires additional financing to meet demand. Project required until need of social and affordable housing is met.

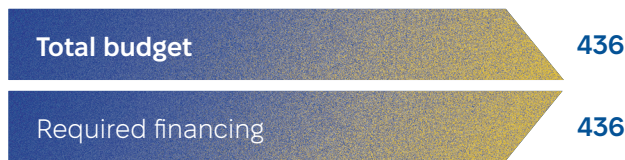
# MYKOLAYIV WATER SUPPLY AND SANITATION PROJECT

**PUBLIC SECTOR SPONSOR: MINISTRY FOR COMMUNITIES, TERRITORIES AND INFRASTRUCTURE DEVELOPMENT OF UKRAINE**

## MYKOLAYIV

- **Brief Description:** Improvement of water supply and sanitation in Mykolayiv, aiming to ensure reliable, centralized drinking water supply for residents and businesses currently relying on bottled potable water.
- **Impacted Populations:** Sufficient and stable access to clean water supply can greatly enhance quality of life for entire population of Mykolayiv (~400 thousand people). This also includes necessary water supply for emergency services (e.g., firefighters).
- **Value Proposition:** Will significantly improve living conditions by providing stable access to clean water for ~400 thousand residents, including essential services like firefighting. Water infrastructure construction will create jobs and make Mykolayiv more attractive to returning IDPs and refugees, thus stimulating economic growth and local output. Reliable access to potable water will reduce dependency on bottled water, freeing up financial resources. Public health and environmental pollution will be improved through efficient water treatment and reduced transportation of bottled water.

### Projects Highlights (\$, mln)



**Implementation Period:** 2-3 years.

### Additional Details: Includes:

- Construction of new water intake, pumping station, and main water pipeline to transport raw water from Pivdennyi Buh River
- Construction of new water treatment facilities in Mykolayiv to convert raw water to potable water
- Reconstruction of Zhovtneve reservoir, including restoration of existing pumping station and water intake tower.

**Trigger Event:** City of Mykolayiv lacks centralized drinking water supply due to Russia's armed aggression, which damaged Kakhovka dam and destroyed existing water transportation infrastructure, forcing local authorities to use salt water, further damaging pipelines. Currently, Mykolayiv is without potable water, presenting serious challenges to residents and businesses.

**Project Status:** Feasibility study is complete.

## BUSINESS MODEL:

Possible business model may be Design-Build (DB) model. Project funding will be used to finance development of project documentation and procurement of necessary equipment and construction works.

## LINK TO REFORMS:

Aligns with Ukraine's reform agenda to enhance sustainable water management, ensuring compliance with EU water legislation, improving water quality, and developing water management infrastructure.

### Key partners

- Feasibility study funded by the EIB.
- Implementation by military administration, local authorities, Mykolayivvodokanal.

### Key Points of Project Implementation:

- Project documentation and material procurement
- Construction of water intake, pump station, pipeline
- Construction of water treatment facilities
- Reconstruction of Zhovtneve reservoir

# REGIONAL WATER AND SANITATION IMPROVEMENT PROJECT

**PUBLIC SECTOR SPONSOR: MINISTRY FOR COMMUNITIES, TERRITORIES AND INFRASTRUCTURE DEVELOPMENT OF UKRAINE**

## KHARKIV, KHMELNYTSKYI, POLTAVA, CHERKASY, SUMY

- **Brief Description:** Improvement of 7 water supply and sanitation components across five regions, including reconstruction of sewage treatment facilities and drinking water supply system infrastructure.
- **Impacted Populations:** Restore essential water supply and sanitation services for ~1.37 million people across five regions, greatly enhancing quality of life for residents and businesses.
- **Impact and Value Proposition:** Will restore essential water supply and sanitation services in five different regions, enhancing the quality of life. Improvement works will generate direct and indirect jobs during the construction and operational phases. The project will enable IDPs and refugees to return and spur economic growth, leading to an increase in local economic output. Reliable access to potable water will reduce costs of residents, authorities, and businesses for potable water, releasing financial resources for other needs. Public health and environmental pollution will be improved through efficient water treatment and reduced transportation of bottled water.

### Projects Highlights (\$, mln)



**Implementation Period:** 1-4 years (Varies by region).

### Additional Details: Project includes:

- Reconstruction of sewage treatment facilities and collectors to ensure access to critical water sanitation services for various communities in Kharkiv, Khmelnytskyi, Poltava, Cherkasy and Sumy oblasts.
- Reconstruction and repairs of drinking water supply systems in Kharkiv and Poltava oblasts.

**Trigger Event:** Need in Kharkiv arises from significant disruptions due to ongoing russian shelling and technical deterioration. In other areas, outdated infrastructure coupled with increased demands from growing populations due to IDPs, leading to water supply and sanitation issues.

**Project Status:** Varies by components (from development of project documentation to implementation).

### BUSINESS MODEL:

Possible business models may include: build-only models for partially complete facilities and Design-Build (DB) models for new assets.

### LINK TO REFORMS:

Aligns with Ukraine’s reform agenda to enhance sustainable water management, ensuring compliance with EU water legislation, improving water quality, and developing modernized water management infrastructure.

### Key partners

- Local authorities.
- Related municipal entities.

### Key Points of Project Implementation:

- Public tender through Prozorro platform
- Construction work
- Independent oversight

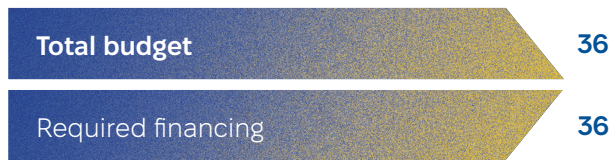
# WASTE MANAGEMENT IMPROVEMENT PROJECT

**PUBLIC SECTOR SPONSOR: MINISTRY FOR COMMUNITIES, TERRITORIES AND INFRASTRUCTURE DEVELOPMENT OF UKRAINE**

## 11 REGIONS ACROSS UKRAINE

- **Brief Description:** Improvement of 3 key waste management components across 11 regions: waste collection trucks, processing facilities, and recycling and solid waste processing equipment
- **Impacted Populations:** +825 thousand households across 11 regions will benefit from comprehensive waste management improvements, significantly enhancing their overall quality of life, health and safety. 11 regions include Mykolaiv, Lviv, Kharkiv, Dnipropetrovsk, Kirovohrad, Zhytomyr, Khmelnytskyi, Donetsk, Zakarpattia, Vinnytsia, and Kherson oblasts.
- **Impact:** Reduced environmental harm as waste reaches proper end-of-life location; up to 90% recycling rate at Vinnytsia facility; up to 9 thousand tons of construction waste processing at Vysokopillia facility; improved waste services for ~825 thousand households; 260+ new jobs created.
- **Impact and Value Proposition:** Expected to improve sanitation, minimize epidemiological risk, and process additional waste volume driven by internal displacement. In the longer term, Project promotes sustainable reconstruction, increases recycling and minimizing landfill waste, supporting both economic growth and environmental health.

### Projects Highlights (\$, mln)



**Implementation Period:** 1-3 years (varies by component).

### Additional Details: Project includes:

- Waste collection truck procurement: Procurement and distribution of 41 waste collection trucks across nine oblasts
- Vinnytsia waste processing facility: development of final details and project plans; examination of facility; and construction of waste management facility
- Vysokopillia recycling and solid waste processing equipment: procurement of specialized equipment for the removal and processing of waste.

**Trigger Event:** Russian aggression has severely compromised Ukraine’s municipal waste management by damaging infrastructure. Internal displacement strains local finances through decreased tax revenues and increased demands from IDP movement.

**Project Status:** Varies by components (from development of project documentation to implementation).

## BUSINESS MODEL:

Possible business models varies by project components. For Vinnytsia project component it may be Design-Build (DB) model or various other models in case of PPP funding model (e.g., DBFM-DBFOM, etc.), however no exact model is currently defined. Other project components involve procurement of equipment only.

## LINK TO REFORMS:

Adheres to European Commission’s Effective Waste Management reforms, including the incorporation of a modern model of household waste management in accordance with European standards.

### Key partners

MoR, various local authorities and municipal entities

### Key Points of Project Implementation:

- Procurement of waste collection trucks
- Vinnytsia waste processing facility
  - Plan development
  - Facility examination
  - Construction
- Procurement of recycling, solid waste processing equipment for Vysokopillia facility

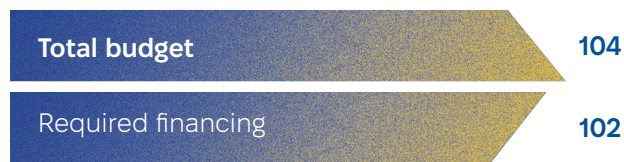
# RESILIENCE OF DISTRICT HEATING TO WAR RISKS

9 REGIONS<sup>1</sup>

**PUBLIC SECTOR SPONSOR: MINISTRY FOR COMMUNITIES, TERRITORIES AND INFRASTRUCTURE DEVELOPMENT OF UKRAINE**

- **Brief Description:** Improvement of 11 key components of district heating across 9 regions, providing essential heating services to local residents, which is critical in winter. Project targets 270 thousand Ukrainians at high risk due to continued Russian attacks.
- **Impacted Populations:** 622 thousand Ukrainians will benefit from high-quality, stable district heating services, which will be essential as Russia continues to target Ukraine's critical energy infrastructure moving into the winter and beyond.
- **Impact:** Up to 10% cost reduction during distribution due to installation of insulated steel pipes, reduced reliance on fossil fuels through emission treatment and alternative energy sources, reduced operating costs through equipment modernization, increased service life of equipment, reduced risk of accidents and outages, increased predictability of maintenance and service.
- **Impact and Value Proposition:** Will ensure reliable, stable, and efficient heat network in key Ukrainian cities, reduce operational costs, support other public services, and facilitate alignment with UN Sustainable Development Goals (SDGs) and EU frameworks.

### Projects Highlights (\$, mln)



**Implementation Period:** 1-3 years.

### Additional Details:

- Capital repair and reconstruction of district heating systems to eliminate redundancies, increase service quality and expand coverage
- Reconstruction of entire boiler houses, and re-equipping boiler houses and other equipment of boiler houses
- Reconstruction of heat pipelines and shut-off valves
- Installation of co-generation equipment to ensure a functioning heating supply during power outages.

**Trigger Event:** District heating provides ~33% of Ukraine's heating needs and was available to 48% of population before war. However, ~55% of boiler houses and majority of network need replacement or repair, due to damage/destruction by Russian aggression or being fully depreciated and no longer operating efficiently.

**Project Status:** Ready for implementation.

## BUSINESS MODEL:

Project implies mostly Build only (B) model, as well as Design-Build (DB) and procurement of equipment for some of components.

## LINK TO REFORMS:

Facilitates alignment with UN Sustainable Development Goals (SDGs) 7, 9, 11, 13, and 14. Project contributes towards EU integration through better efficiency and lower emissions. Project meets GoU and regional authorities' goals through regional development strategies and Reform 6 of Ukraine Plan.

### Key partners

- Ministry of Restoration (MoR).
- Local authorities.
- Related municipal entities.

### Key Points of Project Implementation:

- MoR to coordinate procurement
- Local Departments of Public Utilities and Village Councils to oversee projects

<sup>1</sup> - Regions include Lutsk, Kremenchuk, Monastyryshche, Obukiv (Kyiv region), Kropyvnytskyi, Podilsk (Odesa region), Kherson, Kharkiv, Kyiv

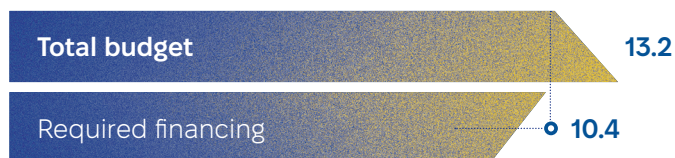
# UKRBASALTIZOL LLC

**MANUFACTURING OF BUILDING MATERIALS BASED ON BASALT FIBER**

## KYIV REGION, UKRAINE

- **Brief Description:** Construction of vertically integrated manufacturing of basalt fiber and building materials made from it. Projected includes 4 part: building basalt fiber production line, basalt needle-punched material production line, basalt composite material and basalt composite profile.
- **Target Market:** Building material industry (road, door and window manufacturing); military industry (drones).
- **Products/Services:** Basalt fibre, basalt needle-punched material, basalt composite material and profile.
- **Unique Selling Proposition:** The project will be a pioneer in developing the new basalt raw materials market in Ukraine, with manufacturing and products aimed at capturing export opportunities.

### Projects Highlights<sup>1</sup> (\$ mln)



**Type of financing** – debt or project finance

### Expected Financial Indicators:

- NPV – 4.5 (up to 5 years)
- DPP (months) – 602
- IRR – 30%
- Project launch period – 1 year

- **Project Status:** basalt fiber manufacturing – ready for realization; basalt needle-punched material, basalt composite material and profile – prefeasibility study.

## ‘UKRBASALTIZOL’

is a small manufacturing company established in 2012. The company is engaged in the production of artificial and synthetic fibres.

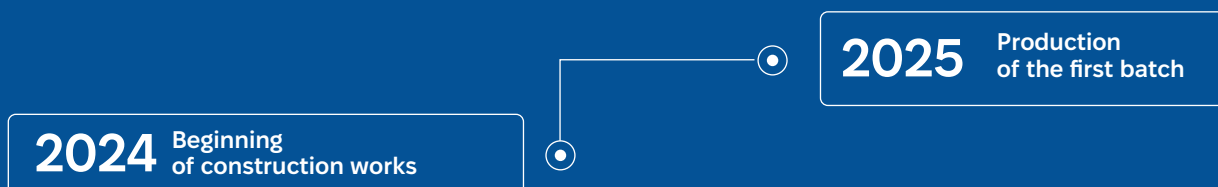
## KEY FINANCIALS IN \$ THOUSAND, AS OF 2023 VS. 2022

Revenue 81.4 -45.8%	Net income -56.3 -22.0%	Net income 155.9 -47.6%
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### Key partners

Could include construction companies, automobile manufacturers, energy companies, and exporters of building materials

### Key Points of Project Implementation:



1 – The project information and financial indicators are provided by the company initiator of the project.

2 – Related to the initial project (construction of basalt fibre factory)

3 – 15% related to the initial project (construction of basalt fibre factory), while other – facility expansion

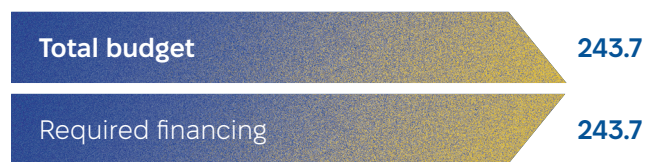
# ECO GLASS LLC

## FLOAT GLASS MANUFACTURING

### POLTAVA REGION

- **Brief Description:** The project involves the construction of a modern float glass manufacturing plant, which will fulfill internal demand and reduce reliance on imports.
- **Target Market:** B2C and B2B consumer of float glass (window & door segment construction industry, furniture, etc.).
- **Products/Services:** Transparent and colourful glass, production of various types of glass with different coatings (energy-efficient, self-cleaning, anti-glare, etc).
- **Technologies and Innovations:** the Project represents a transformative initiative that integrates advanced technologies, utilizes domestic resources, disrupts import-dependent markets.
- **Unique Selling Proposition:** The project will establish a manufacturing with daily capacity 600 tons, displacing Ukraine's float glass import, which cover almost all local demand. Estimated potential market volume – USD180 million.

#### Projects Highlights<sup>1</sup> (\$ mln)



**Type of financing** – debt, equity, project finance

**Financing structure:** CAPEX – 92.8% / Working capital – 7.2%

#### Expected Financial Indicators:

- NPV – 373.0 (18 years)
- DPP (months) – 72
- Revenue – 122.4 (4-th year)
- IRR – 18.4%
- Project launch period – 3 years
- EBITDA – 62.9
- **Project Status:** ready for realization.

### STATUS OF THE PROJECT 'ECO GLASS'

is a newly funded manufacturing company established in 2024 and set up the Project within:

1. Developed Business Plan
2. Selected Land Plot
3. Assembled Team of Key Specialists
4. Identified Key Project Collaborators

#### Key partners

Could include construction companies, relevant investors and exporters of building materials

#### Key Points of Project Implementation:



1 - The project information and financial indicators are provided by company-initiator of the project.



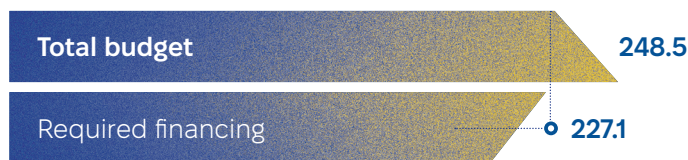
# EFI GROUP LLC

## GLASS PRODUCTION "NOVASKLO"

### ZHYTOMYR REGION

- **Brief Description:** NovaSklo is a manufacturing plant that will produce float and coated glass in Ukraine. The facility will have two production lines, which will allow it to meet the growing demand for products within the country.
- **Target Market:** B2C and B2B consumer of float glass (window&door segment, construction industry, furniture manufacturing, electronic, etc.).
- **Products/Services:** Production of float and coated glass.
- **Technologies and Innovations:** represents a transformative initiative that integrates advanced technologies, utilizes domestic resources, disrupts import-dependent markets.
- **Unique Selling Proposition:** The Ukrainian market does not currently have any domestic glass producers. Therefore, the project proposes to build a facility with a daily capacity of 800 tons, which has the potential to fulfill up to 50% of the country's demand for glass during its post-war recovery

#### Projects Highlights<sup>1</sup> (\$ mln)



**Type of financing** – equity, debt

#### Expected Financial Indicators:

- NPV – 349.2
- DPP (months) – 94
- IRR – 27.9%
- Project launch period – 3 year
- EBITDA – 94.7

- **Project Status:** ready for realization.

### «EFI GROUP»

is an investment company in Ukraine with a diverse portfolio in eHealth, paper, food, woodworking, energy-saving solutions, gas trading, agricultural supplies, and more. Their investments span across five regions with a control center in Kyiv.

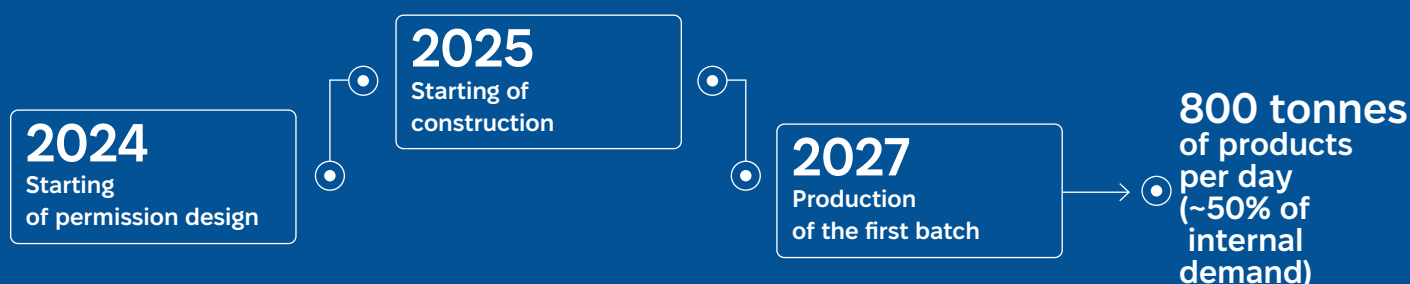
### KEY FINANCIALS IN \$ THOUSAND, AS OF 2023 VS 2022



#### Key partners

Could include construction companies, relevant investors and exporters of building materials

#### Key Points of Project Implementation:



<sup>1</sup> – In 2022 company has loss

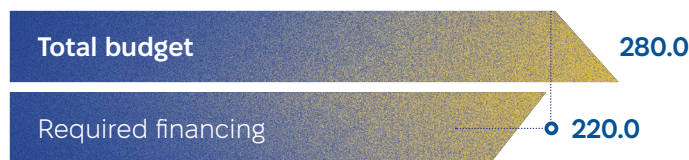
# UKRGLASS INDUSTRY LLC

SHEET GLASS FACTORY

## ZAKARPATIIA, CHERNIHIV REGIONS

- **Brief Description:** The project includes construction of two glass factory: in Zakarpattia region within industrial parks with all the original advantages (VAT exempt, tax incentives etc.) and Chernihiv region.
- **Target Market:** construction industry; consumer market; automotive; furniture; window & door segment.
- **Products/Services:** Clear glass, Ultra-clear glass, Low-E glass, Tempered glass, Laminated glass, Automotive glass (windshield, rear, side, sunroof), Enriched silica sand.
- **Technologies and Innovations:** represents a transformative initiative that integrates advanced technologies, utilizes domestic resources, disrupts import-dependent markets.
- **Unique Selling Proposition:** The project propose complex decision of manufacturing glass and related product on the market without local producer. According to the project, 3 factory with 700 tonnes daily capacity each can fully cover domestic demand.

### Projects Highlights<sup>1</sup> (\$ mln)



**Type of financing** – debt, equity, project finance

### Expected Financial Indicators:

- NPV – 365.1
- IRR – 31.4%
- DPP (months) – 61
- EBITDA – 63.0

- **Project Status:** prefeasibility study.

## “UKRGLASS INDUSTRY”

is Ukrainian private company funded in 2019, which according to official data is engaged in supplying of sheet glass.

## KEY FINANCIALS IN \$ THOUSAND, AS OF 2023 VS. 2022

Revenue 17.0 <b>+43.9%</b>	Net income 1.2 <b>+81.0%</b>	Total assets 117.0 <b>-11.7%</b>
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### Key partners

Grenzebach, Glasstech, Bando, New Hudson Corporation, SEFPRO, AKW, Harrison Walker International Lahti, ITALCARRELLI, PT MULIA INDUSTRINDO TBK

### Key Points of Project Implementation:



1 - The project information and financial indicators are provided by company-initiator of the project.

# UKRTRADE CAPITAL

## PREFABRICATED CONCRETE STRUCTURES FACTORY

### ZHYTOMYR REGION

- **Brief Description:** Construction of a precast concrete products factory with total annual capacity 100,000 m<sup>3</sup> to build affordable quality housing for the Ukrainian market (up to 170,000 m<sup>2</sup> of housing per year).
- **Target Market:** Affordable housing, national and local government programs.
- **Products/Services:** Concrete products for housing and infrastructure blocks, i.e. concrete panels of various kinds.
- **Technologies and Innovations:** Construction is 2 times faster with using prefabricated structures. Compared to traditional construction methods, this method is 30% cheaper as it requires 50% less labor, 30% less steel, and 20% less concrete.
- **Unique Selling Proposition:** Construction speed is twice faster than typical construction, 25% cheaper per 1m<sup>2</sup>, finished apartments ready to move in.

#### Projects Highlights<sup>1</sup> (\$ mln)

Required financing

33.3

**Type of financing** – project finance

**Financing structure:** CAPEX – 28/ OPEX – 5.3

#### Expected Financial Indicators:

- NPV – 14.5 (10 years)
- IRR – 21.4%
- DPP (years) – 6.13
- Project launch period – 1 year
- Revenue – [full cap.] 329.3 (10 years)
- EBITDA – [full cap.] 48 (10 years)

- **Project Status:** prefeasibility study.

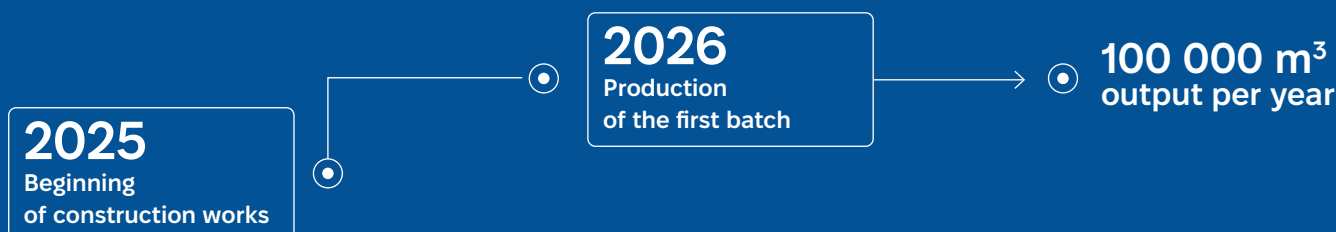
### COMPANY DESCRIPTION

“UKRTRADE CAPITAL” is an investment company and business consultancy firm founded in 2018 in the USA. It has investments in real estate and renewable energy sector. Given the estimated need of 90 mn m<sup>2</sup> of housing after the war, the company aims to build a number of prefabricated structures factories to quickly build affordable housing in the different regions. 10 such factories could supply about 20% of the estimated need over 10 year period.

#### Key partners

Could include construction companies, relevant investors and exporters of building materials

#### Key Points of Project Implementation:



<sup>1</sup> – In 2022 company has loss

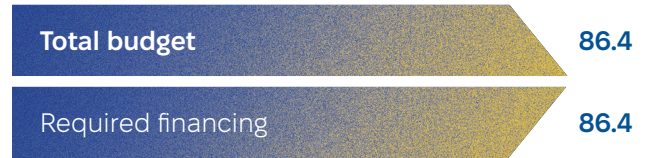
# ZMIIV VAL

## INDUSTRIAL PARK “ZMIIV VAL”

### KYIV REGION

- **Brief Description:** Creating industrial park, construction brick manufacturing and build-to-rent property within the park.
- **Target Market:** Construction industry; brick and aerated concrete block segment, B2B consumer of logistic service (mainly retail).
- **Products/Services:** Clay product (clay block, roof tiles, facing brick, concrete pavers, ceramic, etc.), logistic service.
- **Technologies and Innovations:** Decentralized renewable generation unit is planned to build within the park, which enables the power supply of park and neighbor communities.
- **Unique Selling Proposition:** The project proposes a full cycle of manufacturing clay products, which, in combination with the availability of raw materials, skilled labor, and tax incentives, will enable quick market penetration and sustainability.

### Projects Highlights<sup>1</sup> (\$ mln)



**Type of financing** – debt, equity, project finance etc

### Expected Financial Indicators:

- NPV – 58.5<sup>2</sup> (12 years)
- IRR – 17.6%
- DPP (months) – 120
- Project launch period – 3 years
- Revenue – 212.1 (12-th year)
- EBITDA 39.0

- **Project Status:** ready for realization.

## BUSINESS MODEL

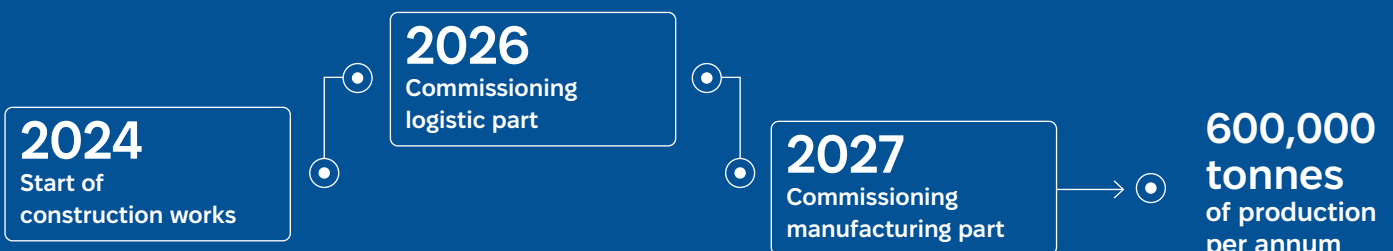
The industrial park features a clay quarry with 45 years of proven reserves, ensuring a reliable and cost-effective supply of the key raw materials for construction materials production. The industrial park provides purposes-built production facilities, logistics infrastructure, and office spaces for tenants, creating an integrating ecosystem to support operations.

### Key partners

Plam  
URenew

Byshiv community  
Savtec LTD

### Key Points of Project Implementation:



1 - The project information and financial indicators are provided by company-initiator of the project.

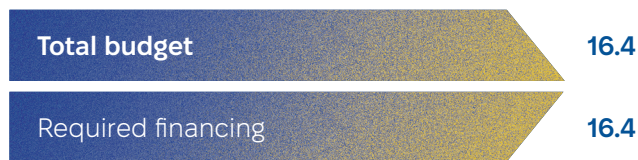
# KRYVYI RIG CEMENT

## KRYVYI RIG CEMENT KILN MODERNIZATION

### KRYVYI RIG

- **Brief Description:** The purpose of the mentioned project is to modernize the kiln for burning alternative fuels and increase its productivity to 4000 t/day (15% increase) to the maximum possible given the current design of the existing kiln).
- **This project pursues two goals:** Achieving the share of coal substitution with alternative fuel. Increase kiln productivity to 4,000 t/day from the current 3,500 t/day.
- **Technologies and Innovations:** Construction is 2 times faster with using prefabricated structures. Compared to traditional construction methods, this method is 30% cheaper as it requires 50% less labor, 30% less steel, and 20% less concrete.
- **Unique Selling Proposition:** Reducing the negative impact on the environment due to the rejection of the use of fossil fuel sources, reducing the cost of production and reducing the impact of fluctuations in the market of traditional types of fuel, disposal of waste.
- **Target Market:** The innovative technical solution proposed by the FLS company will give the Company the opportunity to use different types of alternative fuel (AF/pre-RDF/RDF, car tires, bio-fuel, used railway sleepers), in terms of type and quality, at the same installation

### Projects Highlights<sup>1</sup> (\$ mln)



**Type of financing** – debt

**Financing structure:** CAPEX – 100% / OPEX – 0%

### Expected Financial Indicators:

- NPV – 12.1
  - IRR – 24%
  - DPP (months) – 60
  - Project launch period – 3years
  - Revenue – 1055 (6 year)
  - Extra EBITDA – 23.1 (2025-2031)
- **Project Status:** Developed technical solutions and implementation stages, waiting for final equipment commercial proposal, looking for local construction contractor, looking for/expect for confirmation of financial partner.

## BUSINESS MODEL

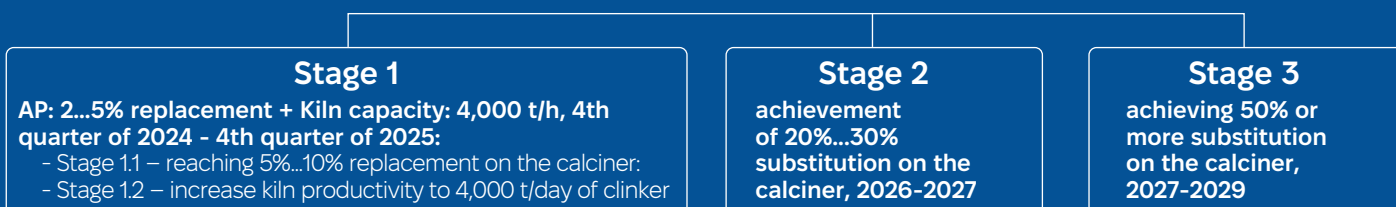
Sale	2024B	2025F	2026F	2027F	2028F	2029F
Cement (thnd tons)	1038	1120	1240	1390	1706	1974
Granite (thnd tons)	1291	1450	1700	1800	1900	2000
Concrete (thnd m3)	10	20	30	45	50	55
USD 000000						
Revenue	102,8	115,8	129,3	145,2	175,3	201,4
Cement	94,0	104,0	115,0	129,0	158,0	183,0
Granite	8,0	10,2	11,9	12,6	13,3	14,0
Concrete	0,8	1,6	2,4	3,6	4,0	4,4
EBITDA	10,4	14,5	18,1	25,5	33,3	38,2

### Key partners

FLSmidth – suppliers of equipment, technologies, EIFO – financing

### Project implementation plan

**THE STRATEGY OF INTRODUCING ALTERNATIVE FUEL AT KRYVYI RIG CEMENT IS PLANNED TO BE IMPLEMENTED IN 3 STAGES:**



#### Stage 1

**AP: 2...5% replacement + Kiln capacity: 4,000 t/h, 4th quarter of 2024 - 4th quarter of 2025:**  
 - Stage 1.1 – reaching 5%...10% replacement on the calciner:  
 - Stage 1.2 – increase kiln productivity to 4,000 t/day of clinker

#### Stage 2

achievement of 20%...30% substitution on the calciner, 2026-2027

#### Stage 3

achieving 50% or more substitution on the calciner, 2027-2029

<sup>1</sup> – Regions include Lutsk, Kremenchuk, Monasteryshche, Obukiv (Kyiv region), Kropyvnytskyi, Podilsk (Odesa region), Kherson, Kharkiv, Kyiv

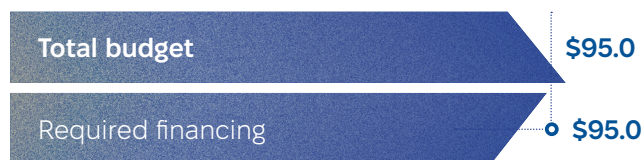
# ZHYTOMYR CITY COUNCIL

ZHYTOMYR, UKRAINE

## PPP PROJECT “NEW MULTIDISCIPLINARY HOSPITAL IN ZHYTOMYR”

- **Brief Description:** building a new consolidated multidisciplinary hospital for the entire community's needs. The hospital with a centralized location of departments for diagnosing and treating a wide range of diseases.
- **Target Market:** The hospital will serve the population of Zhytomyr city (261,600 residents) and Zhytomyr oblast (1,667 settlements; ~1,337,719 people).
- **Products/Services:** Surgical, both scheduled and urgent, therapeutic, and outpatient care will be provided. The hospital admits patients requiring treatment for childbirth, stroke, or heart attack and handles neonatal cases during emergencies. It also treats patients with multiple traumas and communicable diseases and provides pediatric care in separate departments tailored to the specific type of healthcare facility
- **Technologies and Innovations:** sustainable infrastructure using energy-efficient solutions and innovations are to be implemented
- **Unique Selling Proposition:** Specialized companies will be involved in implementing solutions based on advanced practices of functional and spatial planning of healthcare facilities. Availability payments from the public partner cover all costs of the private partner for implementation, as well as the expected return on investment.

### Projects Highlights<sup>1</sup> (\$ mln)



**Type of financing** – Initial CAPEX are financed by a private partner through equity and debt capital

**Financing structure:** CAPEX – 95.0  
OPEX: Maintenance costs – 5% for equipment and 2% for facilities

- **Project Status:** The project was identified and selected with the support of the International Finance Corporation (IFC) as a strategic advisor to the Government of Ukraine. Cooperation with IFC includes the involvement of consultants (advisors) in conducting a preliminary project assessment. In October 2023, a preliminary assessment of the project was initiated. As of May 2024, a PPP Concept Note has been prepared.

## PPP BUSINESS MODEL

“DBFM without services” or an Availability-based PPP Model - provides for the involvement of a private partner to finance, design, construct, equip, and subsequently maintain the buildings, facilities, and medical equipment of the new consolidated hospital during the term of the PPP agreement by the output specifications and key performance indicators established by the Zhytomyr

City Council. Medical services are not included in the Project and will be provided by municipal medical service providers and their employees. The source of reimbursement for the private partner’s investment and financing of the maintenance costs (including the renewal of medical equipment) of the PPP facility will be availability payments.

### Key partners

The project was identified and selected as one of the priority PPP projects in the healthcare sector in 2023 in cooperation with the Zhytomyr City Council, the Ministry of Health of Ukraine and in pursuance of the Memorandum of Understanding between the Government of Ukraine and the International Finance Corporation.

### Key Points of Project Implementation:



<sup>1</sup> - The project information and financial indicators are provided by company-initiator of the project.