



# Rebuilding Ukraine: Opportunities for Swedish Companies in Ukraine's Municipal Sector

Kyiv, Ukraine  
October 2024

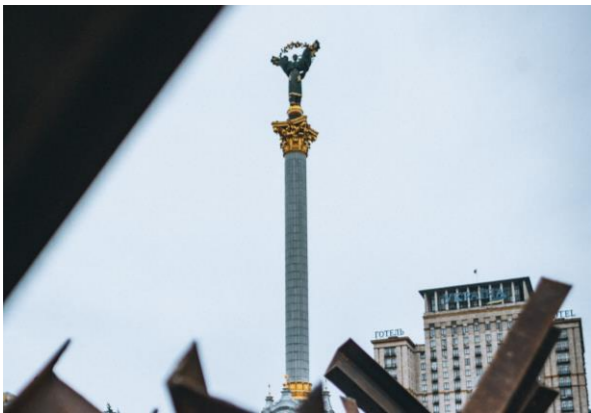


# With Business Sweden back in Ukraine, we're eager to support Swedish contribution to Ukraine's rebuilding



## *The war is ongoing...*

- Ukraine continues its brave defense against Russia's full-scale invasion, facing immense challenges to its economy and infrastructure.
- With the onset of Russia's full-scale invasion in 2022, Ukraine's municipal infrastructure became a systematic target of attacks. As of the beginning of 2024, Ukraine's infrastructure has suffered extensive damage, with total destruction costs USD 9 bln (RDN3). Over 255 water facilities, 84 major heating plants, and more than 35 waste management facilities have been destroyed



## *...and there are massive needs...*

- Rebuilding Ukraine's municipal infrastructure, with an estimated cost of about USD 11 bln(RDN3), will prioritize energy efficiency, suitability, smart city technologies, and data-driven management for improved performance and resilience.
- Reconstruction will also emphasize inclusivity through universal design principles, ensuring accessibility for all. This approach presents numerous opportunities in Ukraine's municipal infrastructure sector.



## *...and Swedish companies have substantial opportunities to support in the rebuild of Ukraine*

- Despite the ongoing war, Ukraine offers substantial opportunities for Swedish businesses in sectors such as municipal infrastructure, including water, heating, and waste management. Business Sweden is actively involved in identifying and supporting these opportunities.
- With the re-establishment of our on-the-ground presence in Kyiv in October 2023, Business Sweden is proud to introduce the "Rebuilding Ukraine: Opportunities for Swedish Companies in the Ukraine's Municipal Sector" guide, aimed at supporting Swedish companies interested in participating in the reconstruction of Ukraine's infrastructure.

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# Illustrative overview

	<b>Key facts</b>	<b>Pre-war development</b>	<b>Damage &amp; Needs</b>	<b>Stakeholders</b>	
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# Ukraine is one of the largest countries in Europe with numerous municipalities actively developing and modernizing

- Ukraine, a **large industrial country**, offers significant investment opportunities, with many procurements seeking modern solutions
- Despite a **28.8% GDP drop in 2022** due to the war, Ukraine demonstrated resilience with a **5.3% GDP growth** by the end of **2023**, a trend expected to continue in **2024**. Ongoing reforms are aligning Ukraine's market and regulatory framework with the EU, laying a strong foundation for future economic growth
- **Early investment** in Ukraine's rebuilding efforts offers **long-term returns** and positions investors to benefit from post-war growth, driven by reconstruction, international support, and reforms
- Ukraine presents a **unique opportunity**, fueled by its large **consumer market** and **strategic location** in Europe

*As of October 2024, Ukraine has lost about 28% of its territory; however, the remaining part remains resilient and economically robust*



## Key facts about Ukraine's municipal infrastructure as for 2022

**Cities:** 461 cities across Ukraine (larger than 10 000 inhabitants)

**Territorial communities:** 1 469 united territorial communities

**Population:** Approximately 30 million people (after full scale invasion)

### Water supply and sewage:

- Around 1,600 water supply and sewage enterprises
- Over 100,000 km of water supply pipelines
- About 50,000 km of sewage pipelines

### Heating supply:

- More than 20,000 boiler houses
- Approximately 28,000 km of heating pipelines

### Waste management:

- Around 5,000 landfills
- About 10 waste processing plants
- Approximately 10 million tons of solid waste per year

SOURCE: INSTITUTE FOR THE STUDY OF WAR

# Despite numerous challenges, the development of municipal infrastructure in the pre-war period drove modernization and attracted significant investment

## *Main problems of development stage*

**1991-2013**

- Aging Soviet-era infrastructure needed modernization
- Limited funding and private investment delayed repairs
- Centralized management restricted local input
- Low energy efficiency caused high energy losses
- Poor waste management led to environmental pollution

**2014-2018**

- The war in eastern Ukraine caused severe infrastructure damage
- Economic crises and currency devaluation hindered infrastructure funding
- Corruption led to inefficient use of resources
- Lack of recycling facilities and landfills contributed to waste accumulation and environmental pollution

**2019-2021**

- Despite increased funding, investment remained insufficient, leaving key projects incomplete
- Investment favored major cities, while smaller towns were underfunded
- Complex permitting procedures deterred investors and delayed projects
- Prozorro, electronic public procurement system in Ukraine, improved transparency, but local-level corruption risks persisted

## *Improvements and solutions as for 2024*

### **1. Decentralization:**

Introduced in 2014, this reform empowered local communities with greater authority and resources, significantly enhancing their capacity to finance and develop infrastructure projects

### **2. International Cooperation:**

Following the revolution in 2014, Ukraine secured substantial financial and technical support from international partners, aiding in infrastructure reconstruction in the east and driving reforms that improved the investment climate and attracted foreign investments

### **3. Energy Efficiency:**

Starting in 2017, new programs aimed at improving energy efficiency in residential sectors and modernizing heating systems have been implemented

### **4. Digital Transformation:**

Initiated in 2019, the rollout of digital technologies in public services, including the "Diia" app, streamlined access to administrative services and permit processing for citizens

### **5. "Great Construction":**

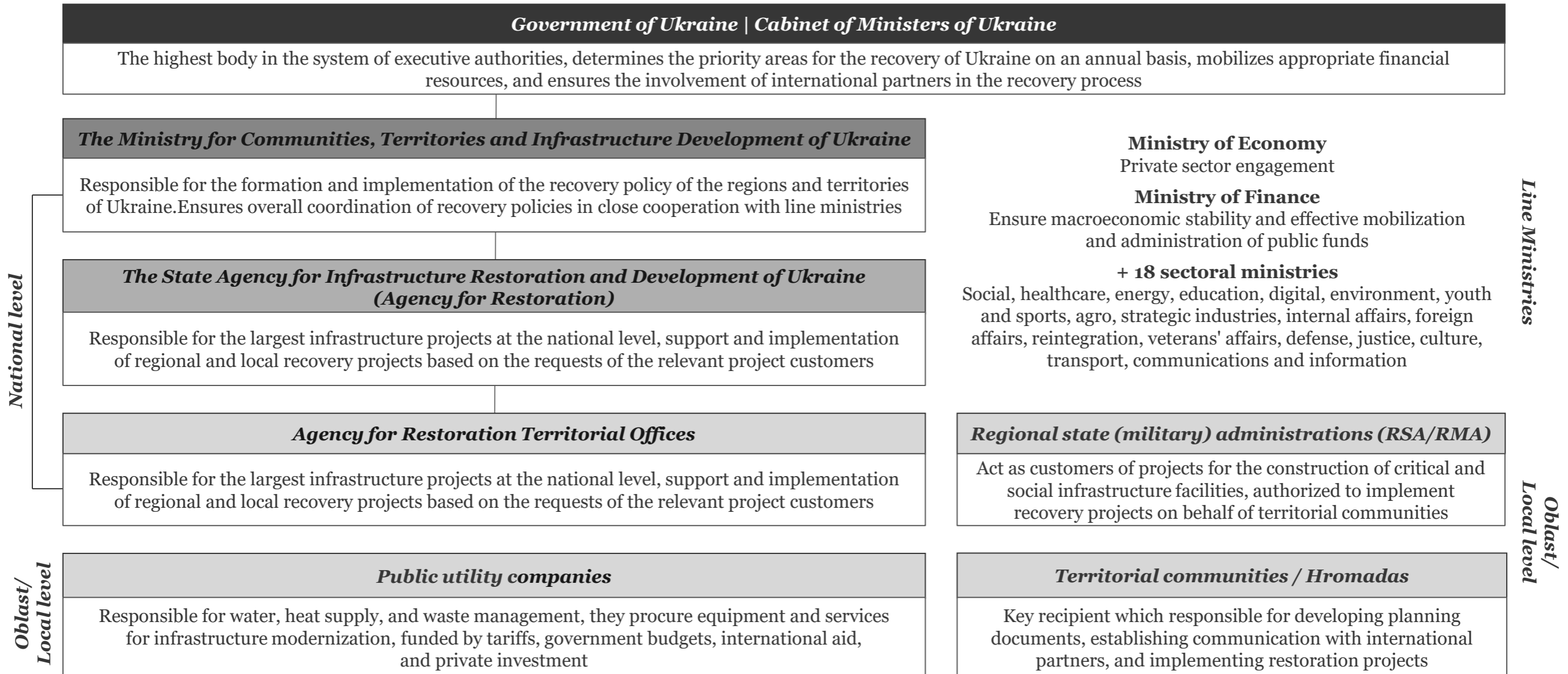
Launched by President Zelenskyy in 2020, this large-scale infrastructure initiative focused on constructing and renovating key assets such as roads, bridges, schools, and hospitals, positively influencing municipal infrastructure development

# With significant wartime damage to municipal infrastructure, reconstruction needs are rapidly growing, with restoration estimated to take up to 10 years

- Russia's full-scale invasion in **2022** caused **extensive damage** to Ukraine's municipal infrastructure, which continues to be a primary target for attacks. For example, Mykolaiv's water supply system was severely impacted, resulting in pipe corrosion and a two-year drinking water shortage. Additionally, the destruction of the **Kakhovka Hydroelectric Power Plant in June 2023** caused over **EUR 3,4 bln** in direct losses
- By early **2024**, infrastructure destruction in Ukraine had reached **EUR 8,1 bln**, impacting **over 255** water facilities, **84** major heating plants, and **35** waste management sites, with rebuilding costs estimated at **EUR 10 bln**. With each month of the war, the restoration needs continue to grow
- The **ongoing reconstruction**, combined with **strong demand** and **support aid from IFIs**, is creating a **unique opportunities** for Swedish companies to offer their technology and solutions for the modernization of Ukraine's municipal infrastructure

	<i>Damages as of February 2024</i>	<i>Losses as of February 2024</i>	<i>Needs for 2024-2034</i>
<b>Water management</b>	<ul style="list-style-type: none"> <li>• <b>2500+</b> km of water supply and sewage networks</li> <li>• <b>80+</b> water supply and sewage treatment facilities</li> <li>• <b>360+</b> water supply and sewage pumping stations</li> </ul>	<b>EUR 10,6 billion</b>	<b>EUR 10,1 billion</b>
<b>Heat supply</b>	<ul style="list-style-type: none"> <li>• <b>860+</b> boiler plants</li> <li>• <b>180+</b> district heating substations</li> <li>• <b>350+</b> km of heating networks</li> </ul>	<b>EUR 2,1 billion</b>	<b>EUR 10,3 billion</b>
<b>Waste management</b>	<ul style="list-style-type: none"> <li>• <b>33</b> household waste disposal landfills</li> <li>• <b>5</b> waste sorting facilities</li> <li>• <b>222</b> waste collection trucks</li> </ul>	<b>EUR 6,2 billion</b>	<b>EUR 3,6 billion</b>

# Municipal infrastructure sector of Ukraine includes multiple stakeholders who actively contribute to its development and modernization



# Main trends in Ukraine's reconstruction create opportunities for Swedish businesses to contribute to modern solutions and expertise

- Ukraine, granted EU candidate status **in June 2022**, is progressing toward European integration by aligning its legislation and standards with EU requirements. For example, several municipalities have approved "**City Heating Schemes**" developed by the **USAID Energy Security Project**, aimed at improving systems to ensure sustainable and efficient energy supply
- **Swedish companies**, with **their extensive experience** and **innovative technologies** in building energy-efficient infrastructure, are well-positioned to become **key partners** in supporting this development
- **Reconstruction efforts** are aligned with **broader strategies** focused on sustainable development, decarbonization, and decentralization

## Main trends for Rebuilding Ukraine



### Decentralization

Empowering local communities to make decisions and manage their infrastructure projects, fostering local ownership and accountability



### Sustainability & Resilience

Focus on developing infrastructure that integrates green technologies and climate-resilient designs to withstand future challenges



### Digital Transformation

Leveraging digital solutions to enhance operational efficiency, service delivery, and stakeholder engagement



### Private Sector Involvement

Promoting private investment and expertise through Public-Private Partnerships (PPPs) and other collaborative models



### Build Back Better

Reconstructing infrastructure to exceed previous standards, emphasizing efficiency, resilience, and sustainability, with a focus on future-proofing based on lessons from the conflict



### Modernization

Upgrading outdated systems with modern, energy-efficient technologies to improve performance and reduce costs



# With significant reconstruction needs, international support, and strong Swedish offerings, BuS is proactively focusing on the water sector

- Ukraine **has substantial water resources**; however, effective management and utilization remain challenging. Therefore, **rebuilding and modernizing** the water sector is a **national priority**
- Ukraine is **aligning its water regulations with EU standards** such as the adaptation of the EU Water Framework Directive 2000/60/EC, which provides the foundation for water policy actions
- The country is **procuring key water equipment**, such as pumps, treatment systems, monitoring tools etc, and engineering services. Swedish companies are **already on the ground**, Sweco, for example, has provided engineering consultancy to ensure potable water for 220,000 residents in Kremenchuk

## Government Policy

- National Water Resource Management Strategy until 2050 which outlines key directions for Ukraine's water management, focusing on **infrastructure modernization, water resource efficiency, and environmental safety**
- Housing and Utilities Development Strategy which is comprehensive plan to **improve water supply and sewage systems**, improve energy efficiency, and promote sustainable development
- The government plans to **gradually raise water tariffs** to ensure **utility financial stability** and attract investments for infrastructure renovation

## Sector Financing

- International partners played a critical role in supporting Ukraine's water management sector. In 2022, approximately **EUR 118 mln** was allocated for water supply, sanitation, and hygiene projects, with an additional **EUR 181 mln** earmarked for 2023
- In 2023, Ukraine's water management sector received about **EUR 219 mln** from the state budget, with total investments in water infrastructure reaching **EUR 438 mln**. This total included contributions from local budgets, international aid, and private investments, reflecting the substantial collaboration between public and private entities to address Ukraine's water infrastructure needs

## Local procurement

In 2023 Dnipro and Kharkiv water supply companies tendered water and pipe units for **EUR 3 mln** and **EUR 1,75 mln**

## International procurement

In 2023, **NEFCO** conducted procurements for 9 municipalities in different regions of Ukraine to **repair water supply and wastewater facilities**, with total funding exceeding **EUR 38 mln**

## PPP

Recent examples include a **PPP in the Dnipropetrovsk region** approved in 2023 to enhance water supply, wastewater treatment and sewage management

## Presence in Ukraine

Swedish companies, including **Xylem and Alfa Laval**, already operate or have distributors in Ukraine's water sector, supplying pumps, treatment systems, heat exchangers, and piping solutions

*Success cases*

# BuS is focusing on the heat supply industry to engage Swedish companies in providing advanced technology and expertise for the sector's reconstruction

- Ukraine operates the largest district heating system in Europe, supplying **heat to 5,3 million households annually** (before full-scale invasion)
- The sector faces outdated infrastructure, high energy losses(≈20%-30%), and dependence on fossil fuels. War damage has further compounded these issues, making **reconstruction and modernization a critical priority**
- Ukraine is **procuring essential equipment** for sector, including solid fuel boilers, pumps, valves, heat exchangers, control and automation systems, and engineering services for the heating sector

## Local procurement

From 5-15% of local funds and up to 3% of state funds are allocated for heat supply modernization and reconstruction. State reserve funds are commonly utilized; for example, in 2022, **EUR 2,2 mln** was allocated to restore the heating system in Kremenchuk

## International procurement

NEFCO announced a tender for the Chernihiv municipal enterprise **to replace heating pipelines and restore thermal insulation**, with a budget of **EUR 5 mln**

## PPP

In Oster, Chernihiv region, a PPP project modernized the heating infrastructure, with the private partner investing in upgrades and the city council granting a 25-year operational concession

## Presence in Ukraine

Swedish companies, including **Swegon and NIBE**, already have a presence in Ukraine's heat supply sector, providing essential equipment and expertise in heating solutions.

## Government Policy

- In 2023, the Cabinet of Ministers of Ukraine approved the Concept for the State Targeted Economic Program for Energy Modernization of Enterprises until 2030. The main goal is to **improve the efficiency** of centralized heating systems
- By 2030, the strategy seeks to attract state, municipal, and international funding to build or reconstruct **10 GW of thermal energy sources, 3,000 kilometers of heating networks, and install 35,000 individual heating substations and 15,000 commercial metering units** for heat supply

## Sector Financing

- The Cabinet of Ministers' strategy estimates the cost of modernizing existing heating infrastructure up to **EUR 15 bln**
- **International support** plays a **crucial role** in the sector. For example, Denmark, via NEFCO, provided **EUR 4,5 mln** in funding, delivering mobile container boiler houses to Ukraine
- As an example, Rivne opened a tender for a solid fuel boiler worth EUR 3 mln, while Kyiv's heating equipment tenders in 2023 totaled **EUR 12 mln**. Additionally, in 2022, the government allocated **EUR 17,5 mln** for mobile boiler houses

# Amid recent reforms and pressing needs, Sweden has taken leadership in Ukraine's waste management sector

- Ukraine's waste management system faces significant challenges, including low recycling rates (3%-10%), widespread illegal dumping, and outdated infrastructure. As of 2023, 163 landfills are overcapacity, 693 fail to meet environmental standards, and 290 new landfills are needed. The destruction of cities and debris containing unexploded ordnance further complicate the situation
- **Sweden** has prioritized the **waste management sector**, with the **Avfall Sverige** (Swedish Association of Waste Management and Recycling) and **SALAR** (Swedish Association of Local Authorities and Regions) launching the "Strengthening of Municipal Waste Management in Ukraine (2024–2027)" initiative funded by Sida

## Local procurement

Between 3-5% of local funds and up to 1% of state funds are allocated to the waste management sector. In 2023, Ukrainian municipalities invested **EUR 8 mln** in procuring garbage trucks, with an average price per truck of approximately **EUR 120 t thsd**

## International procurement

The UNDP in Ukraine, funded by the EU, and Japan, has provided waste management equipment to 19 Ukrainian communities, including 52 garbage trucks and 63 units of heavy machinery

## PPP

Swedish companies can explore numerous PPP opportunities, such as constructing and operating waste-to-energy plants, developing modern landfills and recycling facilities, and implementing innovative waste collection and sorting systems

## Presence in Ukraine

**Volvo and Scania** has a strong presence in Ukraine, with its high-quality equipment actively utilized in the waste processing sector

*Success cases*

## Government Policy

- Ukraine's waste management relied on outdated Soviet-era standards. The new 2023 Law "On Waste Management" aligns with EU standards and a **circular economy**. It emphasizes waste prevention, reuse, and recycling, with landfilling as a last resort in compliant facilities
- Ukraine's National Waste Management Strategy has set key goals for 2030, including increasing **recycling rates to 50%**, **reducing landfilling to 35%**, and promoting waste-to-energy development
- The government is implementing **Extender Producer Responsibility** schemes, holding producers accountable for the collection and recycling of their products

## Sector Financing

- The Ministry of Environmental Protection has identified more than **200 potential waste processing projects** across Ukraine, which are expected to require approximately **EUR 15 bln** for full implementation
- In 2022, subsidy funding for the development and maintenance of sanitation services amounted to nearly **EUR 20 mln**, highlighting the government's ongoing efforts to **support and improve Ukraine's waste management infrastructure**
- The waste management services market in Ukraine saw significant growth in 2023, reaching nearly **EUR 160 mln**, reflecting the increasing demand for efficient waste processing solutions

# Swedish companies can make a substantial contribution to Ukraine's reconstruction through participation in international and local tenders

- In 2023, the European Union and over 20 individual countries provided financial support to Ukraine, including donor funding to IFIs and UN agencies for procuring goods, services, and works to meet immediate needs and support reconstruction through their respective procurement platforms. For example, in 2024, the EIB Fund, as part of the Bank's EU4U Initiative, raised over EUR 400 mln to address Ukraine's critical infrastructure needs and help stabilize its economy. UNICEF contributed EUR 61 million between 2022 and 2024, funding equipment, water treatment reagents, restoration efforts, well drilling, and the provision of drinking water
- Ukrainian government entities and state-owned enterprises regularly issue tenders for municipal infrastructure projects via the Prozorro public electronic procurement system
- With both international and local tenders open to global participation, Swedish companies have the opportunity to support Ukraine's reconstruction by providing sustainable solutions, advanced technologies, or by participating in procurement opportunities

## Key international procuring entities



NEFCO



## Key Ukrainian procuring entities



## Municipalities



Kyiv City State Administration



Dnipropetrovsk Regional State Administration

## Public utilities







Lvivteploenergo



Kyivvodakanal

# Procurement opportunities of IFIs and UN agencies can be utilized through a step-by-step approach

	 <b>WORLD BANK GROUP</b>	 <b>European Bank</b> for Reconstruction and Development	 <b>NEFCO</b>	 <b>UNITED NATIONS</b>
<b>1. Identify procuring organizations by sectors</b>	Housing, Logistics, Winterization	Infrastructure	Water Resource Management, District Heating, Housing, Energy Efficiency	Infrastructure Reconstruction, Energy and Environment
<b>2. Find Tender Opportunities</b>	World Bank <a href="#">website</a> > Browse Contract Awards and Notices by Country > Ukraine	EBRD Client E-Procurement Portal (ECEPP) > Procurement Notices > Keywords: Ukraine	Nefco <a href="#">website</a> > Projects > Procurement > Browse Procurement notices by Country > Ukraine	United Nations Global Marketplace ( <a href="#">UNGM</a> ) portal > Browse Procurement notices by Country > Ukraine
<b>3. Learn more about procurement procedures</b>	<a href="#">World Bank Procurement Regulation</a>	<a href="#">EBRD Procurement Policies and Rules and Related Bank Policies</a>	<a href="#">Nefco Procurement Policy and Procedures</a>	UN agencies have varying procurement procedures, please review regulations of each agency (e.g. <a href="#">UNOPS</a> )
<b>4. Prepare a competitive proposal</b>	<ul style="list-style-type: none"> <li>Cite relevant technical and regional experience involve in-country partners, consider joint ventures</li> <li>Ensure full responsiveness to tender/proposal requirements before submission</li> </ul>		<ul style="list-style-type: none"> <li>Follow standard bidding document forms and conditions</li> <li>Address document clarifications and extensions early</li> <li>Ensure full responsiveness to tender/proposal requirements attend scheduled pre-tender/proposal clarification meetings</li> </ul>	
<b>5. Submit an offer</b>	Via World Bank <a href="#">website</a>	Via <a href="#">ECEPP</a>	As indicated in the respective tender specifications	Offers are accepted via the <a href="#">UN Quantum system</a>

# Procurement opportunities of IFIs, UN agencies and other development organizations can be utilized through a step-by-step approach (II)



**USAID**  
FROM THE AMERICAN PEOPLE



European Investment Bank

<p><b>1. Identify procuring organizations by sectors</b></p>	<p>Critical Infrastructure</p>	<p>Energy Infrastructure Restoration, Heating Supply</p>	<p>Energy and Climate Protection</p>	<p>Infrastructure, Municipal Services, Urgent Energy Efficiency</p>
<p><b>2. Find Tender Opportunities</b></p>	<p>TetraTech business opportunities <a href="#">website</a> &gt; Work Group Filter &gt; Choose relevant USAID project (e.g. UCEM, SACCI, etc.)</p>	<p>TetraTech business opportunities <a href="#">website</a> &gt; Ukraine Energy Support Fund</p>	<p><a href="#">GIZ website</a> &gt; Doing business with GIZ &gt; Procurement &gt; Tenders &gt; E-procurement platform &gt; Find notices &gt; Ukraine</p>	<p><a href="#">EIB website</a> &gt; Work with us &gt; Procurement &gt; Ukraine <a href="#">Ted portal</a> &gt; Browse by Business Opportunity &gt; Ukraine</p>
<p><b>3. Learn more about procurement procedures</b></p>	<p><a href="#">Supplier's Guide (USAID Energy Security Project's example)</a></p>	<p><a href="#">General procurement information</a></p>	<p><a href="#">Terms and Conditions for supplying services and works</a></p>	<p><a href="#">Guide to Procurement for projects financed by the EIB</a></p>
<p><b>4. Prepare a competitive proposal</b></p>	<ul style="list-style-type: none"> <li>• Cite relevant technical and regional experience involve in-country partners, consider joint ventures</li> <li>• Ensure full responsiveness to tender/proposal requirements before submission</li> </ul>		<ul style="list-style-type: none"> <li>• Follow standard bidding document forms and conditions</li> <li>• Address document clarifications and extensions early</li> <li>• Ensure full responsiveness to tender/proposal requirements attend scheduled pre-tender/proposal clarification meetings</li> </ul>	
<p><b>5. Submit an offer</b></p>	<p>Via TetraTech business opportunities <a href="#">website</a></p>		<p>As indicated in the respective tender specifications</p>	

# Success in tendering with IFIs or UN agencies relies on a thorough grasp of the intricacies of procurement procedures

## *Understanding of the tendering process with IFIs or UN*

- Tenders from **IFIs and UN agencies follow rules and procedures** designed to ensure an efficient and transparent selection process. Swedish companies can participate in opportunities related to Ukraine, as these **tenders are typically open to international involvement**
- Although each organization may have its own procurement guidelines and use a different tendering platform, there are **similarities in the generally applied selection methods and procurement types**. Understanding the specifics of an organization's procurement procedures before entering a tendering opportunity is crucial for developing a competitive proposal
- Certain organizations, such as UN agencies, appreciate **proactive marketing efforts from potential bidders** who introduce their products and services to relevant program and procurement officials. This is particularly important for facilitating procurement through selective or direct tendering

## *Single digital pipeline – DREAM pipeline*

### **Digital Restoration EcoSystem for Accountable Management**

In order to identify and track reconstruction-related tendering opportunities of international actors, one can also refer to the **Digital Restoration Ecosystem for Accountable Management (DREAM)**, which is a state digital ecosystem that provides a **single digital pipeline for all reconstruction projects**

## *Procurement types*

<b>Open Tendering</b>	<ul style="list-style-type: none"> <li>• Competitive method involving a public invitation to submit bids</li> <li>• Allows for wide participation and ensures transparency</li> </ul>
<b>Selective Tendering</b>	<ul style="list-style-type: none"> <li>• Involves an invitation to a pre-qualified or pre-selected group of suppliers to submit bids</li> <li>• Applied in specialized or complex projects</li> </ul>
<b>Direct Contracting</b>	<ul style="list-style-type: none"> <li>• Applied for procuring specific goods, works, or services needed in emergencies or for highly specialized requirements</li> </ul>
<b>Framework Agreements</b>	<ul style="list-style-type: none"> <li>• Established with suppliers to provide goods or services as needed during a specified period</li> <li>• Allows for flexibility and efficient procurement</li> </ul>
<b>Request for Proposal (RFPs)</b>	<ul style="list-style-type: none"> <li>• Used when the contract requirements are not well-defined</li> <li>• Allows for negotiations with bidders to refine proposals</li> </ul>

# Swedish companies may contribute to the rebuilding of Ukraine by engaging in local tenders on Prozorro



## Using local public procurement system – Prozorro

- Swedish entities can participate in local Ukrainian public procurement procedures upon completing the registration on **public electronic procurement system Prozorro** via any of the e-trading platforms
- Registration with an e-trading platform **may require providing company details, paying a registration fee, opening a Ukrainian bank account**, etc. Procuring bodies may impose additional eligibility criteria, including **technical base, employees, experience** in similar contracts
- **Evaluation** is based on: (1) solely the **lowest price**; (2) several criterions, where the **lowest price shall have 70+% of the total weight**
- Announcements on procurement procedures shall be **published in English**, if the cost of procurement exceeds: (1) for goods and services – EUR 130+ thsd, (2) for works – EUR 5+ thsd

## Ukrainian entities obliged to procure through Prozorro



Government bodies



Government-owned and related entities



Local authorities

## Procurement types

<b>Negotiated Procedure</b>	<ul style="list-style-type: none"> <li>• Permits the direct award without a formal tender process when a contract is reached following negotiations (urgent procurement need, lack of competition, etc.)</li> </ul>
<b>Open Tender</b>	<ul style="list-style-type: none"> <li>• The most commonly used procurement method allowing for any tenderer to submit a bid</li> <li>• Applicable for various procurement items</li> </ul>
<b>Restricted Tender</b>	<ul style="list-style-type: none"> <li>• Utilized for contracts exceeding EU thresholds and when the qualitative selection of bidders is needed</li> <li>• Involves two stages, starting with qualification selection</li> </ul>
<b>Competitive Dialogue</b>	<ul style="list-style-type: none"> <li>• Can be employed for works or services when a contracting authority cannot specify the exact technical or qualitative characteristics, necessitating negotiations</li> </ul>



# Swedish companies may explore different options for engaging in Ukraine, varying in scale and depth of involvement

*Each key model for engaging in Ukraine requires several steps to ensure success*

Operation Model	<b>Supplying to Ukraine Directly</b>	<b>Establishing a Partnership with a Ukrainian Company</b>	<b>Setting up a Local Presence, greenfield or by acquisition</b>
Key Benefits	<ul style="list-style-type: none"> <li>• Minimized risk exposure from war-related disruptions</li> <li>• Agility in adapting to a rapidly evolving environment</li> <li>• Complete control over pricing and distribution channels</li> <li>• Opportunity for higher profit margins</li> <li>• Direct access to market intelligence</li> </ul>	<ul style="list-style-type: none"> <li>• Employing a “Minimal Presence” strategy as a springboard for future growth</li> <li>• Capitalizing on established business networks and relationships</li> <li>• Sharing risks and costs with partners</li> <li>• Gaining access to local market insights and expertise</li> <li>• Support in supply chain and custom clearance</li> </ul>	<ul style="list-style-type: none"> <li>• Access to a range of government investment incentive programs</li> <li>• Enhanced opportunities for securing procurement contracts</li> <li>• Increased brand visibility and recognition</li> <li>• Direct interaction with customers and real-time feedback</li> <li>• Potential for sustainable growth and market leadership</li> </ul>
Key disadvantages	<ul style="list-style-type: none"> <li>• Restricted market knowledge and access</li> <li>• Complex customs clearance and imports if not handled by the buyer</li> <li>• Possible logistical and regulatory obstacles</li> <li>• Challenges in establishing strong customer Connections</li> <li>• Increased of operational expenses and risks</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced control over operations and brand management</li> <li>• Risk of conflicts with the partner</li> <li>• Shared profits with the partner</li> <li>• Reliance on partner’s performance</li> </ul>	<ul style="list-style-type: none"> <li>• High initial investment and ongoing costs</li> <li>• Navigating complex legal and regulatory frameworks</li> <li>• Cultural adaptation and local market understanding</li> <li>• Longer time to establish market presence</li> <li>• Direct exposure to Ukrainian market risks</li> </ul>

# With growing demand for various types of equipment for municipal infrastructure, supplying directly to Ukraine is an efficient strategy to establish a market presence

## *Crucial steps*

### **1. Evaluate the market and regulatory compliance for your product**

- Research is essential before launching export efforts, including evaluating market size, demand, competitive landscape, identifying key stakeholders, and opportunities
- Ensure regulatory compliance by familiarizing yourself with Ukrainian import regulations, product certification requirements, labeling standards, and any relevant trade agreements between Sweden and Ukraine
- Engage with local consultancies, government agencies, or business associations can provide valuable insights. The **Business Sweden team in Kyiv** can assist with market analysis to support your business venture

### **2. Build market presence**

- Develop a targeted marketing strategy to reach potential customers in Ukraine, taking into account language, cultural nuances, and preferred communication channels
- Obtain necessary certifications and ensure compliance with labeling standards, if required
- Attend industry events to connect with potential buyers and distributors, these are common within Ukraine, and events like the Rebuild Ukraine conferences in Poland also target a relevant audience
- Identify potential customers and formalize agreements in accordance with Ukrainian legislation

### **3. Develop effective logistical arrangements and coordinate customs clearance**

- Ensure that reliable delivery routes are planned and secured before committing to contracts. This includes coordinating transportation, managing warehousing, and preparing for smooth handling of goods throughout the supply chain.
- Address all legal aspects, such as customs clearance, taxes, duties, and product certification, to guarantee compliance with Ukrainian regulations. This will help avoid delays and ensure a seamless export operation. Agree on suitable INCOTERMS with the buyer
- Consider referring to **Business Sweden Trade and Invest Facilitation team in Stockholm** for respective support

### **4. Explore relevant export credit guarantees**

- Various options may be available to mitigate risks in export operations to Ukraine—such as Swedish EKN for exports from Sweden or other European ECAs if operating through a subsidiary in the respective country

### **5. After-sales support**

- Offer technical support and troubleshooting assistance to Ukrainian customers remotely or through a local service partner
- Establish a clear warranty policy and process for handling any warranty claims or product returns

# One potential strategy is forming a partnership with a Ukrainian entity, which, while requiring more effort, can generate significant mutual benefits

## Crucial steps

### 1. Seek expert guidance in finding a fit

- Determine the specific type of partnership you require, such as a distributor, agent, technical integrator, franchisee or reseller
- Various organizations can help you find the right partner: business associations (e.g., European Business Association), industry unions (e.g., Association "Ukrvodokanaltechnologies"), and government bodies (e.g., Regional authorities)
- The Business Sweden team in Kyiv is open to inquiries, leveraging its strong network in Ukraine

### 2. Ensure thorough verification and due diligence of potential partners

- Swedish companies should investigate potential partners by: reviewing legal, tax, and reputation records; assessing political ties of owners and management; verifying relevant experience, e.g., foreign partnerships
- Refer to legal advice via local law offices at both partner verification, negotiations and closing stages

### 3. Comply with local regulations

- Building strong logistics for the partnership (e.g., distribution, tendering, manufacturing) requires professional legal advice to navigate **tax, customs, certification, and other local laws**
- Establish a partnership agreement that clearly defines the responsibilities of each partner, including warehousing, logistics, customs clearance, personnel training, and after-sales support

### 4. Joint sales strategy

#### 4.1. Municipalities

- Collaborate with your partner to adapt your product or service to meet the specific needs and standards of Ukraine's municipal sector
- Conduct joint presentations with municipal representatives to showcase your product's benefits, provide infrastructure solutions, and expand potential project and company opportunities for your equipment
- Participate in tenders for municipal projects with a Ukrainian partner, leveraging their expertise in local procedures and requirements

#### 4.2. Joint financing efforts

- Explore opportunities to secure funding for municipal sector projects, including grants, loans, and investments
- Actively participate in local and international tenders for the procurement of goods and services in the municipal sector. (For more details refer to p.12)
- Utilize your partner's knowledge of available funds and government support programs that may provide financing for your product or service

#### 4.1. Ukrainian EPC, engineering, and construction companies

- Identify companies involved in the design and procurement of municipal projects that may benefit from your solutions
- Consider construction firms that have won international tenders, leveraging your local partner's knowledge for effective engagement
- Establish relationships with these companies to integrate your products or technologies into significant infrastructure projects

### 5. Technical support and after-sales service

- Provide technical support and training for Ukrainian partners to ensure effective use of your products and technologies, including joint training sessions and certification of specialists for high-quality customer service
- Establish a joint after-sales service system covering technical support, repairs, and spare parts supply

# As the Ukrainian government continues to enhance the business environment for reconstruction, establishing a local presence is an effective market entry strategy

## Crucial steps

### 1. Explore Pre-vetted Investment Opportunities and Sites from Local Institutions

- Ukraine offers strong investment support, with free services from government and donor-backed institutions like UkraineInvest and Advantage Ukraine, featuring catalogues of pre-selected opportunities and sites
- At every stage of the selection process, rely on local legal experts experienced in facilitating foreign investments
- Acquire an existing company and integrate into corporate structure

### 2. Evaluate the Market and Regulatory compliance for Your Product

- Research is essential before launching export efforts, including evaluating market size, demand, competitive landscape, identifying key stakeholders, and opportunities.
- Ensure regulatory compliance by familiarizing yourself with Ukrainian import regulations, product certification requirements, labeling standards, and any relevant trade agreements between Sweden and Ukraine
- Engage with local consultancies, government agencies, or business associations can provide valuable insights. The **Business Sweden team in Kyiv** can assist with market analysis to support your business venture

### 3. Build market presence

- Develop a targeted marketing strategy to reach potential customers in Ukraine, taking into account language, cultural nuances, and preferred communication channels
- Obtain necessary certifications and ensure compliance with labeling standards, if required
- Attend industry events to connect with potential buyers and distributors, these are common within Ukraine, and events like the Rebuild Ukraine conferences in Poland also target a relevant audience
- Identify potential customers and formalize agreements in accordance with Ukrainian legislation

### 4. Streamline Logistics, Customs Coordination, and Warehousing

- Ensure reliable delivery routes are planned and secured prior to contract commitments, encompassing transportation coordination, warehousing management, and preparation for seamless handling of goods throughout the supply chain
- Address all legal aspects, including customs clearance, taxes, duties, and product certification, to ensure compliance with Ukrainian regulations, thereby minimizing delays and ensuring a smooth export process

### 5. After-sales support

- Offer technical support and troubleshooting assistance to Ukrainian customers
- Establish a clear warranty policy and process for handling any warranty claims or product returns

# Swedish private sector must act swiftly to secure market opportunities in Ukraine's post-war reconstruction

- Considering **Ukraine's benefits**, such as its strategic position, skilled and educated labor force, attractive cost levels, substantial natural resources, global significance in agriculture, metallurgy, and mining industries, **future reconstruction efforts will be immense**, with an **unprecedented demand** for international technology in the European market
- If Swedish businesses want **to take part in rebuilding** Ukraine, they **must start acting now** by exploring various options to engage in the market—from low footprint options such as hiring Ukrainian experts in Sweden to heavy presence by operating on the ground and engaging in public-private partnerships (PPP)

## *Hire Ukrainian expertise*

To evaluate opportunities in the Ukrainian market and support Ukrainian refugees, consider hiring Ukrainians currently residing in Sweden. They can provide valuable local expertise to your team, contributing effectively to the rebuilding initiatives

## *Direct Sales*

Entering the Ukrainian market through direct sales can serve as a strategic initial step to understand the market dynamics and build a presence while minimizing effort and costs. With growing demand on goods and service, this approach can lead to significant market share expansion in the future

## *Sourcing from Ukraine*

Ukraine possesses substantial natural resources, including iron ore, manganese, coal, titanium, uranium, natural gas, and oil. Given Ukraine's proximity and Sweden's strategic interest in diversifying supply sources, there are promising export opportunities for to capitalize on

## *Establishing a Partnership with a Ukrainian Company*

A partnership with a Ukrainian company as a strategy for market entry through imports, marketing and distribution, providing local market insights. Local partners can navigate business culture and offer support in supply chain and customs. When selecting distributors and partners, a thorough due diligence, onboarding and management strategy is necessary

## *Operation on the ground*

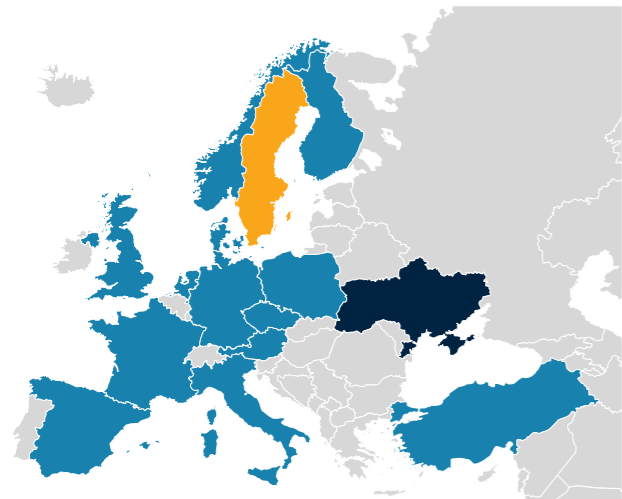
Establishing an on-the-ground presence requires substantial effort in entity registration and understanding local regulations, and unlocks opportunities, such as access to government investment incentives and enhanced procurement prospects. Suitable for large business volumes and a long-term perspective

## *Public-Private Partnerships*

Ukraine is expanding its PPP initiatives to enhance municipal infrastructure, which is crucial for post-war reconstruction. This presents a significant opportunity for Swedish companies, as Ukraine aims to adopt modern, sustainable technologies—an area where Swedish firms excel. This strategy involves long term commitment to the market and ownership of assets in-country

# BuS is gradually expanding the team in Ukraine and is also utilizing the full BuS resources of in our headquarters, Europe and globally

## Business Sweden Core Team in Kyiv



 Ukraine
  BuS HQ
  Other BuS presence in Europe



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**Trade  
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Ukraine**

- **Responsible for Business Sweden's operations in Ukraine**
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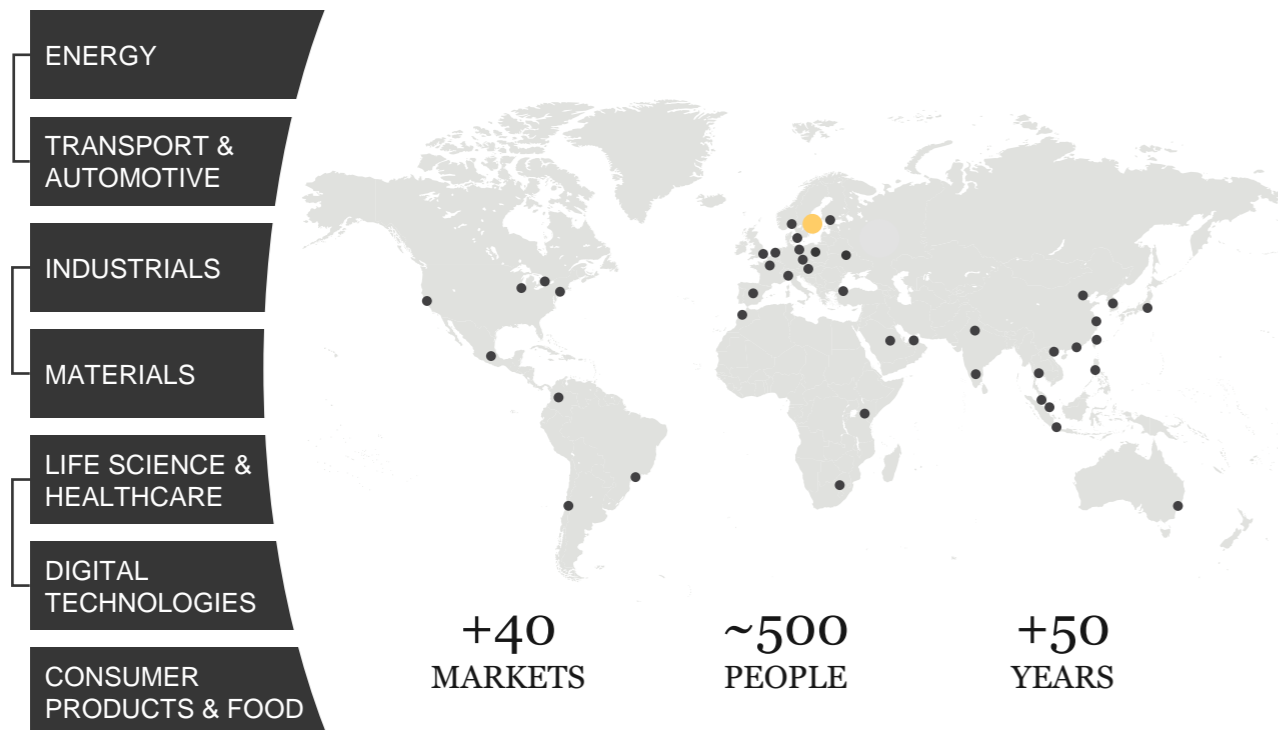
- **Business Sweden's local team member in Kyiv since June 2024**
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# Business Sweden has a unique governmental and private sector mandate to provide support to Swedish companies around the world

AN OFFICE NETWORK WITH INDUSTRIAL EXPERTISE ON ALL CONTINENTS...

...SUPPORTING COMPANIES THROUGH OUR CONSULTING SERVICES



## COMMERCIAL AGENDA [ORGANIC GROWTH]

When you need to plan, set and drive your **organic growth agenda**, including **strategic market expansion** aspects, such as market selection or market entry analyses, as well as more **operational sales acceleration** aspects, such as finding new customers or partners or winning a local tender

## MERGERS & ACQUISITIONS [INORGANIC GROWTH]

When you are **pursuing in-organic growth** and need **deal cycle advisory support**, including setting an acquisition strategy, identifying and qualifying potential prospects, specific tech scouting, joint ventures or post-merger support

## PUBLIC AFFAIRS

When your business is affected by **new policies** or you are expanding into new markets where rules, regulations or opinions are different and local expertise or **public stakeholder engagement is needed** and you need support in navigating processes and strengthening relationships

## SUPPLY CHAIN MANAGEMENT

When you need **supply chain management support**, such as setting your manufacturing **footprint**, identifying and evaluating your potential or existing **suppliers** or short-term **risks** and disruptions handling as well as searching for more **proactive business intelligence** monitoring

## BUSINESS INCUBATION & OPERATIONS

When your company needs **hands-on support on administrative and legal matters** on your markets, such as legal establishment, finding office space, finance and payroll support or finding the right people for your local operations

## GOVERNMENT-ENABLED SERVICES

When your company is operating a field which is prioritized by Sweden, we perform invest promotion & advisory, small business programs, business delegations and events, mega projects, trade & invest facilitation and other **subsidized services related to trade and invest in Sweden**

*We shorten time to market, find new revenue streams and minimise risks*

*Passionate about the success of Swedish companies abroad and foreign companies in Sweden*

*Unique in combining analytical skills with key stakeholder access*

*Local, hands-on and agile*



**BUSINESS  
SWEDEN**

THE SWEDISH TRADE & INVEST COUNCIL