

# Rebuild Ukraine

Andrii Berestian

General Manager Danfoss Ukraine



# Blueprint for the reconstruction of Ukraine

- A Blueprint for the Reconstruction of Ukraine by CEPR, is designed to give an overview of a possible reconstruction project for Ukraine.
- It is a part of CEPR's Rapid Response Economics, a new series which is designed to publish research on major policy issues with the utmost speed.
- The Centre for Economic Policy Research (CEPR) is a network of over 1,600 research economists based mostly in European universities.



# Cost estimations:

## Bottom-up - estimated losses:

- the cost of restoring infrastructure (ports, railroads, railroad cars, highways, powerlines, water supply, etc.),
- costs associated with financing the war effort (ammunition, weapons, etc.),
- civilian losses (housing stock, commercial real estate, compensation for death and injury, resettlement costs, income support, etc.), iv) lost current and future income (firms' lost revenue, lost FDI, etc.).

**cost range: from \$500 billion to \$1,000 billion**

# Potential sources of aid:

- **Bilateral aid:** administered via established agencies such as USAID (USA), and SIDA (Sweden).
- **Multilateral institutions:** The World Bank (WB), European Bank for Reconstruction and Development (EBRD). The EU can create (or contribute to) a trust fund for Ukraine's reconstruction or use special provisions to give Ukraine access to structural funds available to EU countries.
- **Private sources:** Private foundations and individuals, the Ukrainian diaspora.
- **Seized Russian assets:** Russian assets frozen by other governments
- **Ongoing revenue from Russian oil and gas:** a percentage of the proceeds generated by the export sales oil and gas directed to the Compensation Fund. Second possibility would be for the EU to tax Russian energy exports.

# Potential sources of aid:

## Fundings available/to be available:

Donor	Amount
EIB and EBRD	2 bn EUR
CEB	1 bn EUR
World Bank	2,9 bn EUR
IMF	1,3 bn EUR
Poland and Sweden donors	6,3 bn EUR
Global Citizen	9,1 bn EUR
US economic aid package	22 bn EUR
NDICI-GE	20 bn in 2021-2027
If UA will be on the path to join EU (pre-accession fund)	14 bn in 2021-2027
Donors conference after war end	30-50 bn EUR
<b>Total till 2027</b>	<b>110,6 - 130,6 bn EUR</b>
<b>Additionally:</b>	
frozen Russian assets	287 bn EUR
<b>Total potential</b>	<b>~ 400-420 bn EUR</b>

**to be continue...**

# Three stages of reconstruction:

- **Emergency response** (like the response to a natural disaster hitting a country)
- **Rapid restoration of critical infrastructure and services**
- **Laying foundations for future growth and modernization**

# Stages:

(items relevant for Danfoss)

## Stage 0 (while hostilities last): 'Minimizing the damage'

- In relatively safe regions: Residential and infrastructural construction with a **special modular twist**.

## Stage I (months 0-6): 'Rapid response'

- the first tranches of aid should prioritize the provision of temporary housing (tents, **pre-fabricated housing** blocks, **heating systems**, etc.).
- with the technical assistance of the agency, the government assembles an inventory of damages, capabilities and needs.
- **restoring critical infrastructure** and providing emergency housing
- **agribusinesses** should receive materials, machinery, and other aid to ensure they have resources to harvest/**store**/transport/export crops.
- **Public procurement**: Framework agreements. Focus on **stable foreign companies**.

# Stages:

(items relevant for Danfoss)

## Stage II (months 3-24): 'Rapid revival of the infrastructure and economy'

- Continue expanding access to infrastructure services.
- Energy: re-establishing a **stable energy supply**, and appropriate energy mix at reasonable prices.
- Investment in housing stock and public building and social infrastructure (**prefabricated houses**)

## Stage III: 'Foundation for long-run growth'

- EU accession:
- Decentralization
- Energy: **energy efficiency** programs are vital.
- Social infrastructure: critical to **rebuilding the housing stock, schools, hospitals**, etc. Dedicated programs for housing (including public housing) and provide technical assistance to ensure that the best building practices (e.g., energy efficiency) are used. The agency can also support rebuilding the stock of housing by offering FEMA-like support to let people rebuild themselves.
- Attract foreign capital
- Urban reconstruction: focus on **modern technologies especially energy efficient**



## Stages:

Important during stages 0-I-II:

**“avoid simple quick-fix”**

# Opportunities for Danfoss (short term)

## **Business focus:**

- Damaged/destroyed District Heating system (DH needs to stay!)
  - Repair of destroyed (heat sources/generation networks, DH stations)
  - Replacement of destroyed heat sources/generation (Heat pumps modular solution (instead/combined with modular gas boilers)
- Damaged water supply
  - Repair of destroyed pump stations
  - Replacement of destroyed pump stations
- Modular houses
- Multifamily/social buildings

# Perspective/priorities for Danfoss 2022-2023

## 2022

- Active participation in **shaping of state policies** toward Rebuild Ukraine
- Evaluation of need in **localization of production** key **products for Rebuild** (ex. HEX, DHS...etc)

## 2023

- **Monitoring and follow** up funds/loans/grants/aid allocation
- **Justifying** localization of production/assembling needs
  - Cooperation with local OEM's (DHS, Heat pumps)
  - Branding of local producers (HEX, DHS)
  - Danfoss local assembly of high runner products

# Opportunities for Danfoss (short term)



## **Ukraine can be a perfect:**

- test field of modern technologies for Green transition
- showroom for latest Green solutions



**ENGINEERING  
TOMORROW**