

Business initiatives under the Ukraine Fund

The war in Ukraine has led to a broad need for reconstruction. Against this background, Ukraine has requested solutions from Danish companies for reconstruction purposes, as well as a more general rebuilding of commercial ties between Danish and Ukrainian businesses to strengthen the restart of Ukraine's economy and business community.

Danish companies have also expressed their interest in contributing to the reconstruction of Ukraine. However, Danish companies face two significant challenges in their efforts to further engage in Ukraine: 1) a major risk of losses in connection with investment in Ukraine and contracts with Ukrainian buyers, and 2) insufficient access to information about concrete projects and market opportunities that Danish companies could potentially engage in, as well as matching and facilitating contact with relevant Ukrainian partners.

Business initiatives are thus one of the lines of action under the Ukraine Fund. These initiatives aim to help overcome the aforementioned challenges and to generally support the utilisation of Danish commercial solutions in connection with the reconstruction of Ukraine.

The proposed business initiatives in Ukraine comprise:

- **State loan and guarantee scheme in Denmark's Export and Investment Fund for investments in the reconstruction of critical infrastructure and Danish exports**

Denmark will establish a state loan and guarantee scheme in Denmark's Export and Investment Fund (EIFO) that is expected to operate at a loss and will consist of 1) mixed credits targeting critical infrastructure in Ukraine, and 2) export loans and guarantees for private companies. The scheme must also be seen in light of the fact that exports to Ukraine will be unable to secure financing on commercial terms in the foreseeable future due to a significant risk of loss. The scheme is expected to involve additional expenses to cover anticipated losses and export loans, with a donation component amounting to DKK 400 million in 2023, *see Table 1*.

Table 1
Additional expenses relating to state loan and guarantee scheme in Denmark's Export and Investment Fund

(DKK millions, 2023 prices)	2023
Additional expenses	400

Source: Danish Ministry of Industry, Business and Financial Affairs.

It should be noted that due to the extraordinary risk associated with investments in and trade with a war-torn country, the Ministry of Industry,

Business and Financial Affairs assesses that EIFO cannot bear the residual risk (the risk of losses in excess of the allocated loss framework) and remain in compliance with the risk management framework imposed on the fund in legislation. If losses in the scheme exceed the expected losses covered by the allocated loss framework, the Danish state (apart from EIFO) will thus have to cover such losses.

- **Establishment of Ukraine Investment Forum**

The Ministry of Industry, Business and Financial Affairs and the Ministry of Foreign Affairs of Denmark are establishing a Ukraine Investment Forum. The forum will serve as an operative hub for Danish companies, the Ministry of Foreign Affairs of Denmark, the Ministry of Industry, Business and Financial Affairs, the Danish embassy in Kyiv, EIFO, IFU, DSIF and others, with a focus on identifying potential reconstruction projects in Ukraine. The purpose of the forum is to share information about concrete projects and market opportunities in Ukraine and to facilitate contact with Ukrainian partners.

- **Involvement of private funds**

The Ministry of Foreign Affairs of Denmark and the Ministry of Industry, Business and Financial Affairs will engage in dialogue with private funds about whether Ukraine can be a focus area for further public-private collaboration between Danish authorities and the funds, including potential donations to finance additional projects and equipment in Ukraine.

- **Investigation of potential new government collaboration initiatives**

Potential new collaborations between Danish and Ukrainian government authorities will be explored in the sectors of health, food, environment, energy and/or water, to be conducted through the Ministry of Foreign Affairs of Denmark's existing framework for government collaboration initiatives under development assistance. The initiative will be carried out with the involvement of the private sector, including business organisations and companies.

- **Danish companies can get help with activities in and relating to Ukraine via the Ministry of Foreign Affairs of Denmark's advisory service.**

The advisory services are based locally at the Danish Embassy in Kyiv. The Ministry of Foreign Affairs of Denmark's local presence via the embassy is especially important for companies due to the challenging local context. As a result of the other business initiatives under the Ukraine Fund, including EIFO and government collaboration initiatives, the ministry anticipates an increase in demand from companies for advisory services.

- **Establishment of a unit for geopolitical business advisory services in at the MFA/TC**

Danish companies increasingly seek geopolitical advisory services. The Ministry of Foreign Affairs of Denmark is thus establishing a unit within the ministry to provide geopolitical advisory services for Danish companies, including in relation to the reconstruction of Ukraine. This unit will work in cooperation with the Ukraine Investment Forum (see above), the Ministry of Industry, Business and Financial Affairs, and the Danish

Embassy in Kyiv to help ensure that the concrete needs of Ukrainian authorities are matched with Danish commercial solutions.

- **Export promotion**

It will be possible to conduct export promotion campaigns in Ukraine or surrounding countries, e.g. Poland, via the Ministry of Foreign Affairs of Denmark's existing scheme for Collective Export Promotion Campaigns. This scheme can grant funding to support the participation of Danish companies in collective export promotion campaigns abroad or delegation visits in Denmark. A special dispensation will be established to allow applications outside of the normal application rounds for funding of export promotion campaigns focusing on Ukraine.

- **Increased funding for DSIF and IFU**

Of the funds allocated to the fund for civil initiatives, DKK 170 million will be earmarked to support Danish companies' investments in Ukraine. Through increased funding for DSIF, Danish companies can be brought into play in connection with orders from Ukrainian authorities. Increased funding for IFU will contribute to strengthening IFU's co-financing capabilities for purposes such as Danish companies' investments in Ukraine.