

Role of Polish development institutions in reconstruction of Ukraine

Sierpień 2023 r.



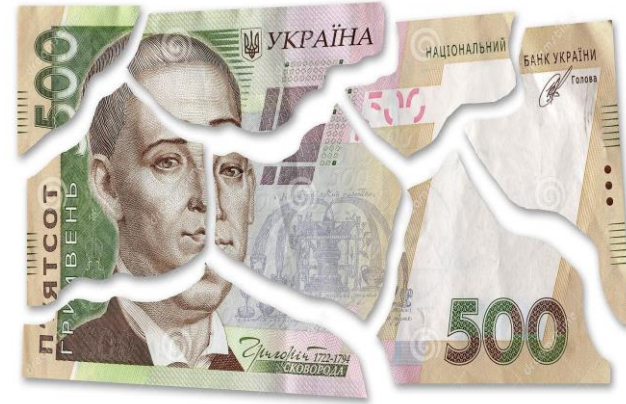
Financing Ukraine's recovery and reconstruction

Recovery and reconstruction of Ukraine requires huge financial resources.

International donors, MIFs and DFIs will be able to cover only a part of costs.

Private sector should take a lead in the process of recovery.

Increased costs and risks of doing business in Ukraine have spurred demand for risk sharing facilities offered by development institutions.



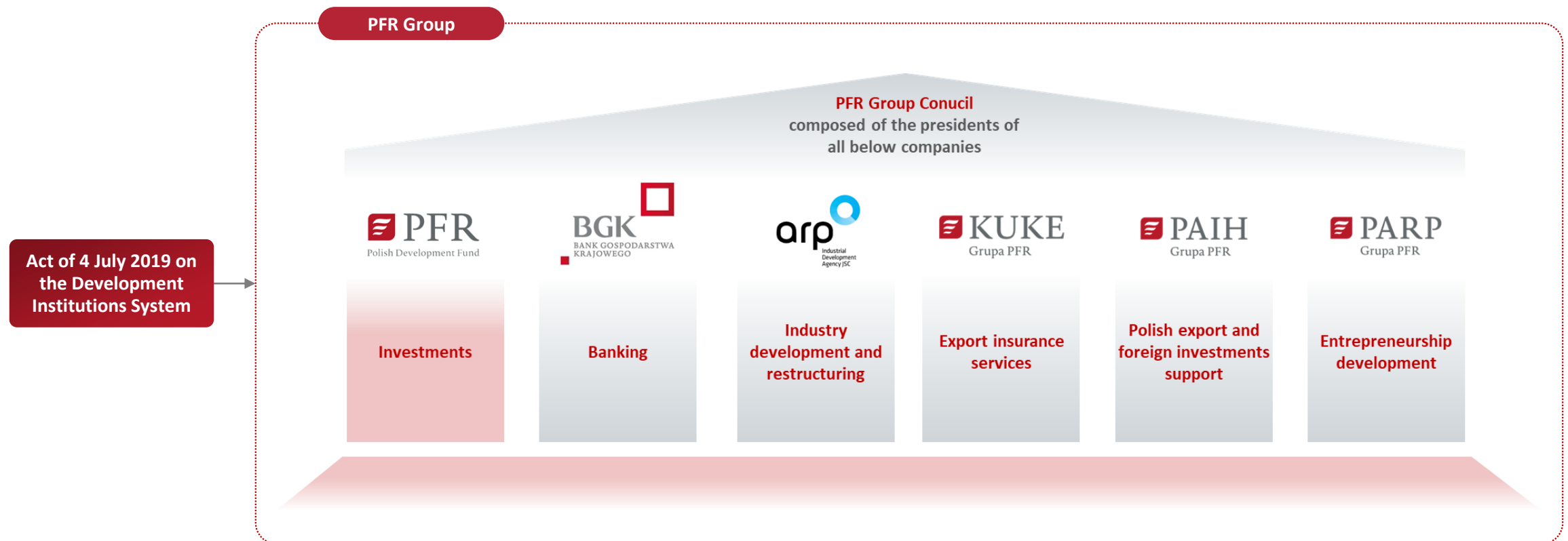
According to Rapid Damage and Needs Assessment (RDNA2) total costs of recovery is estimated at USD 835 billions, which include financial needs of USD 415 billion to build back better Ukraine's economy.

PFR Group – federation of Polish development institutions



Based on the Act of 4 July 2019 on the Development Institutions System (the SIR Act), PFR is a member of the broader PFR Group which comprises all the major Polish development institutions, i.e., the Polish Development Fund (PFR), Bank Gospodarstwa Krajowego (BGK), the Industrial Development Agency (ARP), the Export Credit Insurance Corporation (KUKI), the Polish Agency for Enterprise Development (PARP), the Polish Agency of Trade and Investment (PAIH) as well as their subsidiaries.

PFR Group is a federation of Polish development institutions. As the CEO of PFR serves as the Chairman of the Council of the PFR Group, PFR plays a leading role and coordinates activities of other members.



PFR Group – federation of Polish development institutions



Investments



- Investments in public assets
- Investments in non-public assets
- Fund-of-funds investments
- Housing investments

Banking



- Financing the development and liquidity needs of companies and local gov. units
- Guarantees and sureties
- Public finance/ EU funds transfer
- Development of integrated and sustainable transport system

Industry development and restructuring



- Special Economic Zones & Polish Investment Zone
- Specialized financing (debt, equity)
- Development restructuring and corporate governance
- Innovation development

Export insurance services



- Credit insurance
- Guarantees
- Investment insurance
- Factoring

Export, Investments, Promotion



- Export
- Foreign investments
- Promotion of Poland and Polish economy
- Partnership

Entrepreneurship development



- Innovation development
- Start-up market
- Internationalization
- Training and skills improvement
- Infrastructure development

PFR main roles



Polski Fundusz Rozwoju

The Polish Development Fund (PFR) is a leading promotional financial institution of Poland operating on a commercial basis under the mandate of the Polish State. Established in 2016, the Company conducts business activity and coordinates and implements development programs, including those commissioned by the government, with the view to achieve a market rate of return on the invested capital in the long term.

PFR's key activities:

Development programs ordered by Government

Main programs



COVID Financial aid program (Tarcza Finansowa)



Private Pension Plans (Pracownicze Plany Kapitałowe (PPK))



Central Pension Information (Centralna Informacja Emerytalna (CIE))

Development investments in local economy



Bank Pekao



Baltic Hub



elemental



WB ELECTRONICS
WB GROUP



POLSKIE
KOLEJE
LINOWE

>3
bn USD

invested in projects and companies in energy, manufacturing, infrastructure, biotechnology and finance sectors

PFR equity investments in innovations, among others:



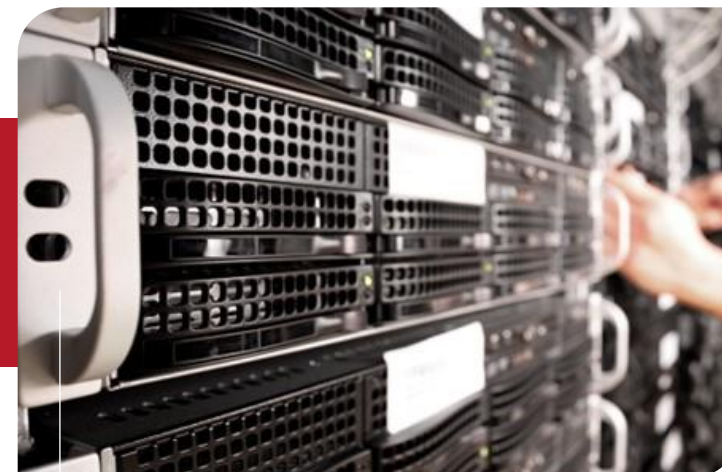
WB Group (WB Electronics)

one of the largest polish defense companies, offering high-tech solutions for the military and civilian markets. Its solutions set new standards.



PESA Bydgoszcz S.A.

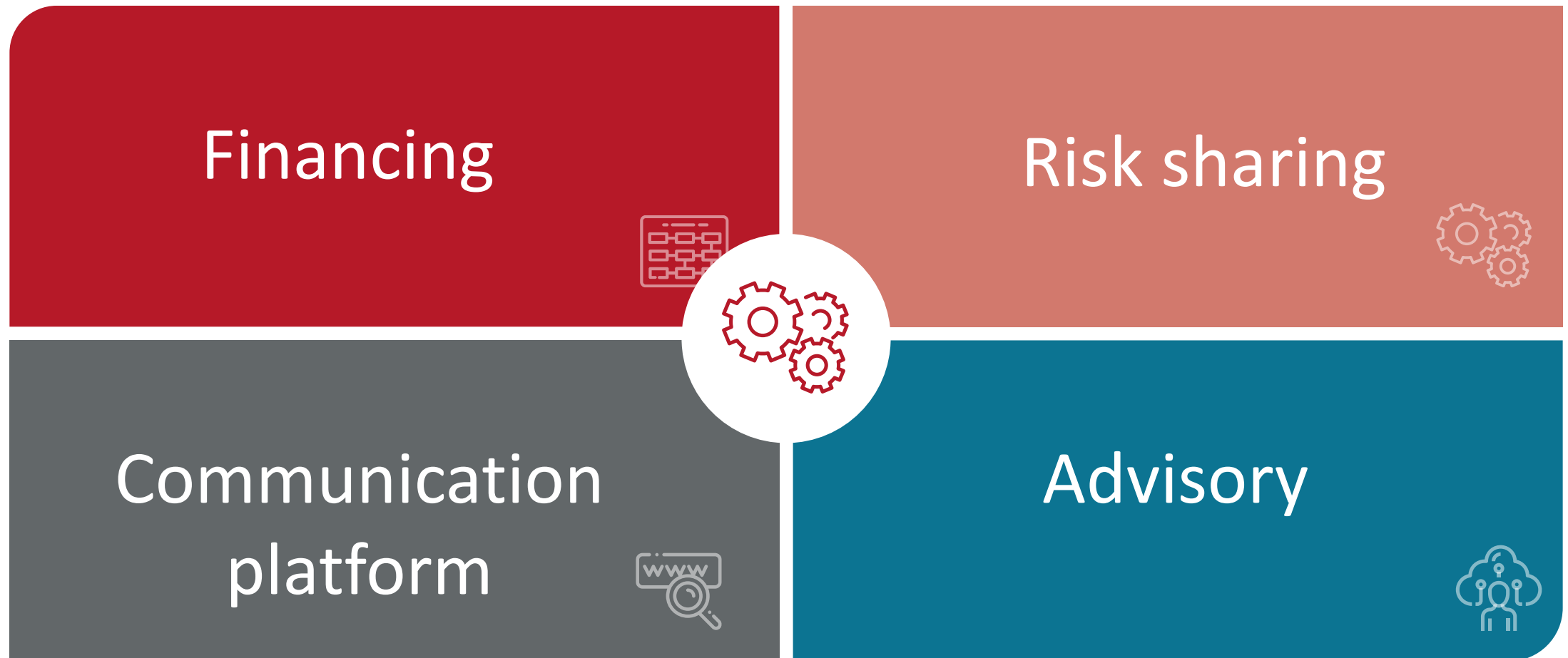
the largest polish manufacturer of innovative rail vehicles. PFR has restructured the company, which has got back on track to growth



National Cloud Operator (OChK)

a company set up on the initiative of PKO BP and PFR, helps polish companies implement and take advantage of the potential offered by advanced cloud computing technologies in business.

Role of PFR Group in Reconstruction of Ukraine





Financing, risk sharing and advisory instruments:

What we do:

- Cash management
- Standard investment loans
- Loans for SMEs
- Loans from EIB and KfW Funds
- Guarantees de minimis
- Banking guarantee
- Loan collateral
- Forfaiting
- Credit for FDIs
- Thermo-modernization and renovation Fund
- Support for social and municipal housing



What we do:

- Capital investments
- Debt investment
- Financial support for foreign expansion



What we do:

- **Trade insurance and trade finance solutions,**
- Credit insurance (receivable insurance, supplier credit insurance)
- Investment insurance
- Guarantees
- Factoring





Financing, risk sharing and advisory instruments:

What we do:

- Promotion of Polish export and support in foreign investment
- Training, auditing and promotion of investment properties, cooperation in the organization of business missions and communication support in the implementation of joint projects.



What we do:

- Investing/supporting start-ups
- Database of development Services - comprehensive offer of training courses, postgraduate studies and counselling (coaching, mentoring) for entrepreneurs
- Investment in innovation, including funds for implementing the results of R&D work
- Internationalization – support in foreign expansion of SMEs



What we do:

- Loans, guarantees, factoring and leasing addressed to both private and public enterprises
- Grants for start-ups
- Green assets investment fund
- Aid instrument for rescuing or restructuring an enterprise
- Special Economic Zones, industrial parks and halls





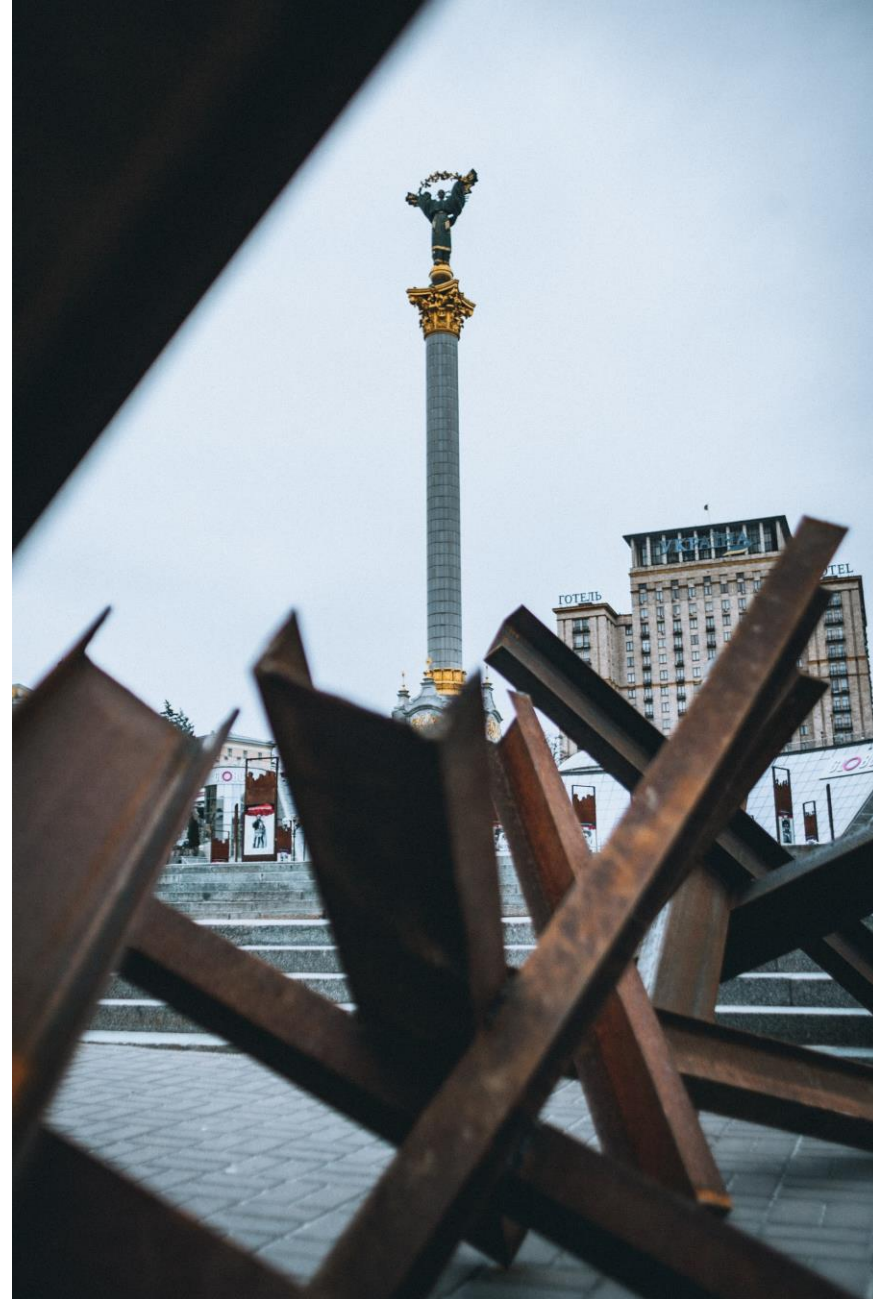
Communication platform

- Information Hub for entrepreneurs, banks, other partners seeking comprehensive information about available instruments offered by PFR Group
- Providing comprehensive information on all procurement platforms with projects
- Consolidated platform of all events, programs and advisory services provided by PFR Group



Challenges in doing business in Ukraine

1. Corruption
2. Ineffective judiciary system
3. Complicated tax code
4. Low FDI
5. Strong influence of Oligarchs in economy and politics
6. Ineffective SOEs
7. Undeveloped capital market
8. Damaged infrastructure





Conclusions

- Due to increased costs and risk of doing business in Ukraine, private sector needs an active support from development institutions to de-risk investment in Ukraine
- Development institutions offer a comprehensive set of instruments to support Ukraine's recovery
- To improve doing business, Ukraine needs to implement macroeconomic and systemic reforms to foster anti-corruption measures and improve transparency of procurement and investment process.
- PFR Group stands ready to support Polish and Ukrainian counterparties in the recovery process.



Thanks for your attention

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