

Business opportunities for Estonian companies in Ukraine

Summary | Tallinn, June 2025

civitta



REPUBLIC OF ESTONIA
MINISTRY OF FOREIGN AFFAIRS





Piia Viks-Binsol

ASSOCIATE PARTNER

Role in the project:

- Project management, methodology and quality control
- Interviews with companies and organisations in Estonia
- Developing the report, results and recommendations

Background and experience:

- Policy advisor, with over 15 years of experience in research and impact evaluations across public and private sectors.
- Expertise in methodologies and applying analysis techniques to support with data driven policies



Oleksandr Volik

ASSOCIATE PARTNER

Role in the project:

- Interviews with international and foreign companies, support organisations and financial institutions
- Assessing the available funding and support measures
- Developing the report, results and recommendations

Background and experience:

- Advising management teams and shareholders on international growth and sales acceleration
- Experience in B2B and B2C sectors across Western Europe, CEE, MENA, Nordic region and Central Asia



Hendrik Ploom

PROJECT MANAGER

Role in the project:

- Analyses of market trends and investments
- Interviews with local companies
- Developing the report, results and recommendations

Background and experience:

- Sustainable business plans and growth strategies to innovative companies
- Expertise in renewable energy, fuels, defense, and innovative production

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Today, we will discuss how Estonian businesses can capture untapped potential in the Ukrainian market

Objectives

To clarify

- which areas in Ukraine have the **greatest potential** for Estonian companies
- what **opportunities** Estonian companies and NGOs already have today to contribute to existing mechanisms for building international organisations
- what support measures and activities encourage companies to operate in Ukraine

Methodology

- Extensive **desk research**
- **Interviews with key stakeholders and companies** from Estonia, Ukraine, and international organisations
- **Foreign country practice analysis**
- **Experts' validation** for feasibility and local insights



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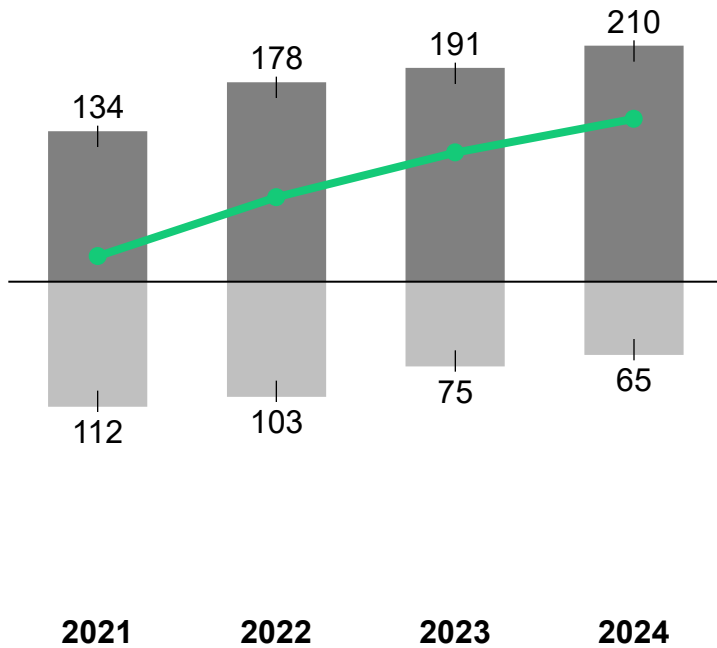
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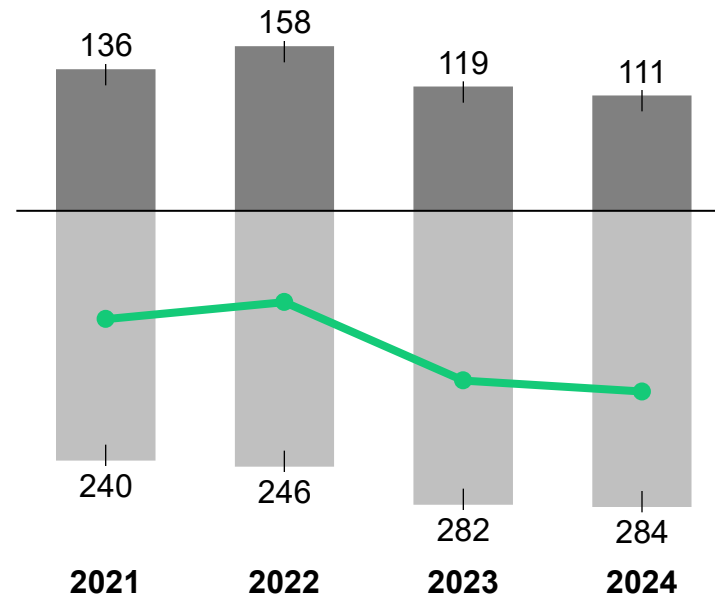
Closing remarks and Q&A

Estonian trade and investment in Ukraine remain limited (~1% of overall trade and FDI) indicating large untapped potential for cross-boundary collaboration

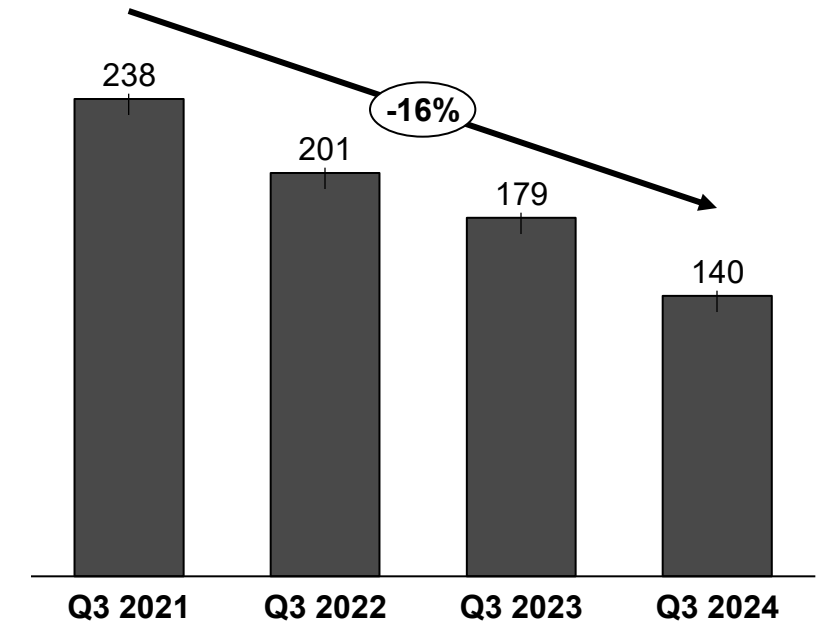
Goods trade balance between Estonia and Ukraine, 2021-24, EUR m



Services trade balance between Estonia and Ukraine, 2021-24, EUR m



Total FDI stock in Ukraine from Estonia, 2021-24, EUR m



■ Export of goods from EE to UA

■ Import of goods from UA to EE

● Estonia trade balance with Ukraine

■ Export of services from EE to UA

■ Import of services from UA to EE

● Estonia trade balance with Ukraine

For Estonian companies, key business sectors in Ukraine range from defense to ICT

Defense



- Unmanned vehicles
- Drone defense technologies
- Demining technologies
- UAV Border control technologies (by drones)
- Digital Identity solutions

Education



- Well-being & mental health games for youth
- Digital learning games for preschoolers
- Tools to support student well-being & independent learning
- Speech therapy app
- Early education software
- Online professional education for adults

Construction



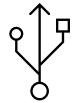
- Wooden houses for affordable housing
- Eco-friendly insulation materials
- Modular housing components made in Estonia, assembled in Ukraine
- Water supply systems
- Wastewater treatment & sanitation

Clean Energy



- Solar energy (e.g. solar panel roofs)
- Wind energy
- Remote energy supply & maintenance

ICT



- Government Tech for taxation system
- Software for EU standard compliance

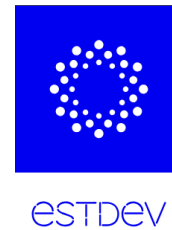
Ministry of Foreign Affairs, ESTDEV and KODA play a key role in supporting Estonian companies, supported by professional associations

MINISTRY OF FOREIGN AFFAIRS



- Leading role in foreign and **development policy**
- Holds diplomatic contacts and the **information portal**
- Organises **delegations and contact events**

ESTDEV



- Coordinates Estonia's development cooperation in Ukraine
- Provides dedicated development cooperation funds for selected sectors in Ukraine
- Funds open to companies and third sector organisations

KODA



- **Business visits to Ukraine**, connecting Estonian firms with potential partners
- Provides **direct support for contact-building**, export readiness, and market entry

EIS and KredEx



- Estonian Business and Innovation Agency supports Estonian **exports and innovation** broadly (not UA specific)
- KredEx offers **credit insurance transactions** with no restrictions

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Ukraine is a high-risk/high-award environment but there are available tools and support mechanisms to minimise risk/accelerate business growth

Entering the UA market comes with risks:



War-related uncertainties: logistics, workforce shortages, and security needs



VAT refunds and tax processes remain key bottlenecks



Customs and cross-border logistics (especially with Poland) require careful coordination



Legal system partly aligned with EU, but enforcement is inconsistent and can complicate operations

Despite risks, UA offers tools/measures to reduce uncertainty and access opportunities



National level: Investment protection, tax incentives, access to financing, risk insurance, and simplified regulations in sectors like infrastructure, energy, and IT



International level: The Ukraine Investment Framework, international and bilateral funding programs / procurements, export credit agencies, etc.

Ukraine provides national support tools and local partnerships to help foreign businesses enter and grow in the market

Soma notable examples of tools/support measures

- **Investment Nanny:** tax breaks, permits, and infrastructure support for projects over €12M
- **Diia.City:** lower taxes, flexible hiring, and IP protection for IT companies
- **Industrial Parks:** ready sites with infrastructure and potential tax/customs incentives (enforcement varies)
- **Affordable Loans 5-7-9%:** subsidised loans for SMEs registered in key sectors
- **Brave1:** defense tech hub offering funding, networking, and co-development with military partners
- **Digital Army:** defense innovation platform supporting cross-border collaboration on tech and AI
- **Export Credit Agency:** insurance against war/political risks to protect and enable investment

Local organizations to connect with for business support in Ukraine (select only)

UkraineInvest
Your Investment Matters

UkraineInvest: Investment promotion and support



Ukrainian Chamber of Commerce and Industry: Business support and advocacy



European Business Association: Business networking and advocacy



Office of the National Investment Council of Ukraine: Investment policy advisory

Plus, there are many other business associations and sector-specific to consider for targeted entry support

There are Western support mechanisms which can be explored and utilized by Estonian businesses to help invest, manage risk, and enter the Ukrainian market

EU-Backed key support measures

- **The Ukraine Facility** is the flagship support program for Ukraine, allocating over €50 billion until 2027 across three pillars focused on reconstruction, recovery, and modernization
- **The Ukraine Investment Framework (funded by the EU)** - dedicates €9.3 billion to support the private sector through loan guarantees and blended finance, with at least 15% targeting SMEs
- Major actors contributing to these efforts include **international financial institutions**:



In addition to UIF and IFI instruments, there are **additional international support programs**:

- **Bilateral and multilateral programs** from countries like the USA, Canada, and Japan supporting investment, export finance, and infrastructure
- **EU programs** such as Horizon Europe, Digital Europe, LIFE, and CEF
- **Other support tools** like procurement and tender portals, coordination and risk mitigation platforms

International funding flows in Ukraine can be grouped into four key buckets that Estonian businesses can explore



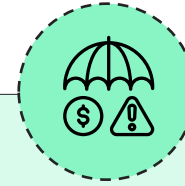
Business-level support

- **Direct grants, loans, and guarantees** from IFIs
- Focus on **key sectors** like energy, transport infrastructure, and green economy
- Enables development, modernization, and innovation **for SMEs and large firms**



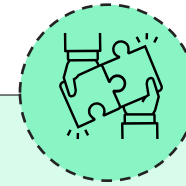
Procurement (support to public stakeholders)

- **ProZorro** - Ukraine's official procurement system for public tenders
- **TED** - EU platform for tenders funded by EU institutions
- **UNDB / EBRD e-Procurement** - For World Bank and EBRD-financed projects



Risk insurance

- **Political, military, and economic risk coverage** from MIGA, DFC, Lloyd's, ECA, others
- **Key risks covered:** expropriation, civil unrest, war-related damages
- Aims to **secure investor confidence** and support wartime operations



Collaboration through EU programs

- Programs like **Horizon Europe, Digital Europe, LIFE, and CEF**
- **Open to Estonian-Ukrainian partnerships** in R&D, green tech, infrastructure, and ICT
- **Funding for joint proposals** with focus on innovation, sustainability, and connectivity

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Roadmap for Estonian companies entering the Ukrainian market

Assess the Market fit

- Ensure your **product pricing** fits the local market or use **donor funding to pilot**

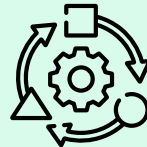
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Adapt to Business Culture

- **Initiate talks at high levels**, build personal trust, use clear contracts

3



De-Risk Your Investment

- Use **legal frameworks** and **insurance tools** to safeguard operations

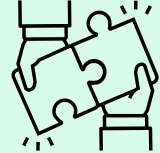
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Find the Right Local Partner

- **Use trusted platforms** (i.e. Nazovni) and **validate partners** with strong legal, financial, and sector credentials (e.g., through YouControl)

2



Develop Strategic Partnerships

- Start with pilot projects or co-investments, **build toward a Joint Venture**

4



Sector-Specific Strategies for Estonian Companies Entering the Ukrainian Market

Key strategic sectors



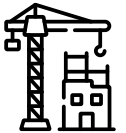
Defence

Leverage **Brave1**, **Digital Army**, and **R&D use cases** to co-develop, validate, and fund defence tech in local or NATO markets



EdTech

Enter via **Estonian-Ukrainian networks** and **co-events**, using **grants** to overcome pricing barriers in a high-demand sector



Construction

Focus on **modular/public buildings** with **Ukrainian partners** under **IFI-funded projects**, while navigating legal and reputational risks carefully



ICT

Join **Diia.City** and deliver **EU-compliant digital services** aligned with Ukraine's shift from US to EU standards



Energy & CleanTech

Offer **cost-efficient smart grid** and **renewable solutions** through **IFI funding**, using Ukraine as a real-time testing ground

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Question **the answer**

