



# Dutch Good Growth Fund

## Part of DGGF

Investing Dutch Entrepreneurs executed by Invest International Public Programmes B.V.

## Title

DGGF123UK1 / Ukraine – AAC Manufacturing Plant

## Company

Kovalska Gazobeton LLC

## Country

Ukraine

## Sector

Sustainable Manufacturing

## Amount of the investment

EUR 27,000,000

## Period

27th July 2023 – 27th January 2034

## Involved parties

[Kovalska Gazobeton LLC](#)

[Industrial Construction Group Kovalska LLC](#)

## Short description

Invest International is providing a EUR 27 million loan to Ukrainian leading construction material company Kovalska Group to support the export of Aircrete Europe's sustainable autoclaved aerated concrete (AAC) block production technology from the Netherlands to Ukraine.

The loan will be used to finance machinery as well as the commissioning of the new production plant located in Rozvadiv, Ukraine. The project is relevant to the ongoing reconstruction efforts in Ukraine and shows how effective cooperation between businesses, alongside international institutions and governments, can collectively ensure Ukraine's recovery.



Aircrete is based in Oldenzaal, north of Enschede, in the Netherlands and primarily focuses on international markets. The building products produced on the company's lightweight concrete technology (in the industry known as autoclaved aerated concrete) saves at least 20% on energy consumption in buildings through its superior insulation properties and has the further benefit of avoiding much of the soil erosion associated with clay extraction for the production of traditional bricks.

In addition, the production of AAC itself requires only little process energy and moreover, AAC also absorbs CO<sub>2</sub> during its lifetime through the re-binding of CO<sub>2</sub> (recarbonization).

This project will contribute to the Sustainable Development Goals: 8 (Decent work and Economic growth), 9 (Industry, Innovation & Infrastructure) and 13 (Climate action)



### **Development Impact**

SDG 8.3 (support job creation and enterprises), SDG 8.5 (Full employment & decent work with equal pay):

The transaction will support 350-400 jobs during the construction, and will create 240 new direct jobs during the operation. Kovalska pays 10% higher than the median market wages, with variable components proportional to a worker's output.

SDG 13.2 (integrate climate change measures into planning):

Marginal carbon emissions per m<sup>3</sup> of AAC blocks are estimated at 160.5kg, including Scope 3 supply chain emissions associated with raw materials and transportation. This is approximately 100kg lower than conventional clay bricks or concrete. With the project's 55,000 m<sup>3</sup> of annual production capacity, the carbon avoidance potential is 55,000 tonnes of CO<sub>2</sub>.

SDG 9.4 (Upgrade industrial infrastructure for sustainability):

AAC is generally more climate-friendly material than the conventional concrete buildings that are currently prevalent in Ukraine. International certification schemes such as LEED and Green Star have awarded AAC a green building material status.

SDG 9.1 (Sustainable, resilient, and inclusive infrastructure):

AAC weighs just 20-25% of traditional concrete. It saves emissions during transportation to the buyers, while being less affected by the availability of high-grade roads thus improving accessibility.



**ICSR**

The investment is scaled in category A in terms of CSR-risk. An Environmental and Social Action Plan (ESAP) will be drafted, which is based upon the OECD and IFC performance standards, which aims to reduce the risk of non-compliance with these standards.