



MINISTRY OF INFRASTRUCTURE OF UKRAINE

# INVESTMENT OPPORTUNITIES IN UKRAINE

March 2016

# KEY FACTS ABOUT UKRAINE:

## GROWTH DRIVERS

- ✓ Ukraine GDP (US\$): \$131,8 billion in 2014 by World Bank estimation
- ✓ Low salaries makes Ukraine the most cost-competitive manufacturing platform in Europe
- ✓ 99.7% literacy, 4th most educated nation in the world

### AREA:

603,5 square kilometres  
Largest country within Europe

### POPULATION:

45 millions 70% urban-based

### LOCATION:

In Europe, Ukraine's location provides for ideal trade hub to EU, Middle East and Asia

### POLITICAL SYSTEM:

Parliamentary-Presidential Republic

### FREE TRADE:

EU, CIS, EFTA, FYROM, Georgia, Montenegro  
On-going negotiations with Canada, Israel and Turkey

# EUROPEAN INTEGRATION

- ☒ Free trade zone with EU from 1 January 2016 stimulates trade flows
- ☒ Ukrainian markets open for European goods and services
- ☐ Visa free regime with EU will enable free flow of labour and simplify business communication

# CHALLENGES:

## MILITARY CONFLICT IN THE EAST OF UKRAINE AND ANNEXATION OF CRIMEA

Conflict in the East >3% of the country 700km from Kyiv



## MINSK AGREEMENT

11 February 2015, the leaders of Ukraine, Russia, France, and Germany agreed to a package of measures to alleviate the ongoing conflict in the Donbass region of Ukraine.

## REFORMS

DEREGULATION

PUBLIC GOVERNANCE

JUDICIAL REFORM

BANKING SECTOR

ENERGY SECTOR

# FIGHTING AGAINST CORRUPTION

- ✓ The National Anti-Corruption Bureau  
with 70 new detectives
- ✓ Civil Society organization  
The Anti-Corruption Action Centre (AntAC)
- ✓ New Corruption-Free Police in 12 cities
- ✓ Open Data Reform
- ✓ Procurement Transparency:
  - *Public electronic procurement system PROZORRO  
will be implemented across Ukraine during 2016*
- ❑ UNOPS

*Ukraine raised 29 points in “Doing Business Rating” in 2015*

# IMPROVING LEGISLATION

- ☑ The new PPP law that was adopted in Parliament and signed by the President will come into force 24 of May 2016
- ☐ Amendments to the Law on Concessions includes: joint working group with State Property Fund of Ukraine, the Ministry of Economic Development, US Treasury, EBRD support

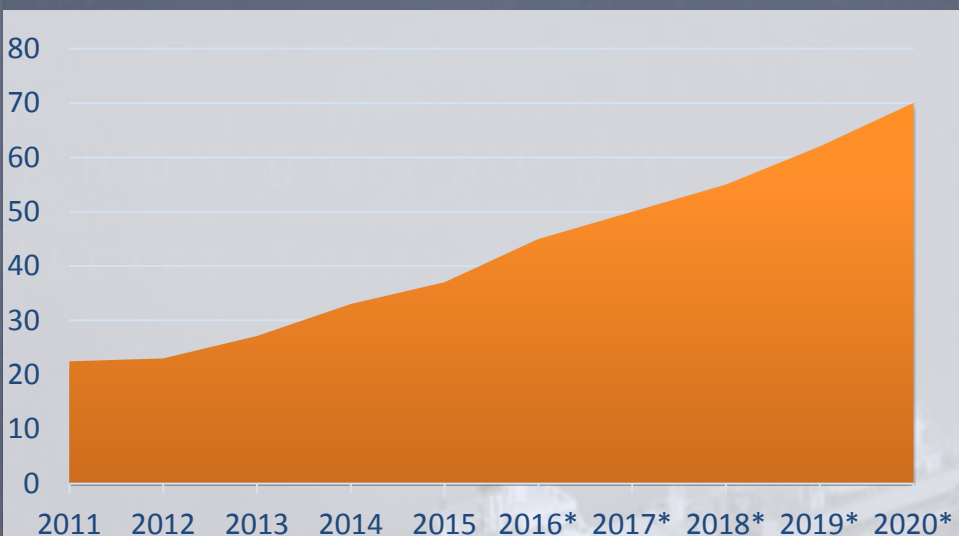


# **UKRAINIAN ECONOMY HAS STARTED IT'S RECOVERY:**

**From GDP decline of 10,4% in 2015  
to GDP growth of 1% in 2016**

# 3.5 TIMES GROWTH OF AGRI-PRODUCTS EXPORT FROM 2006

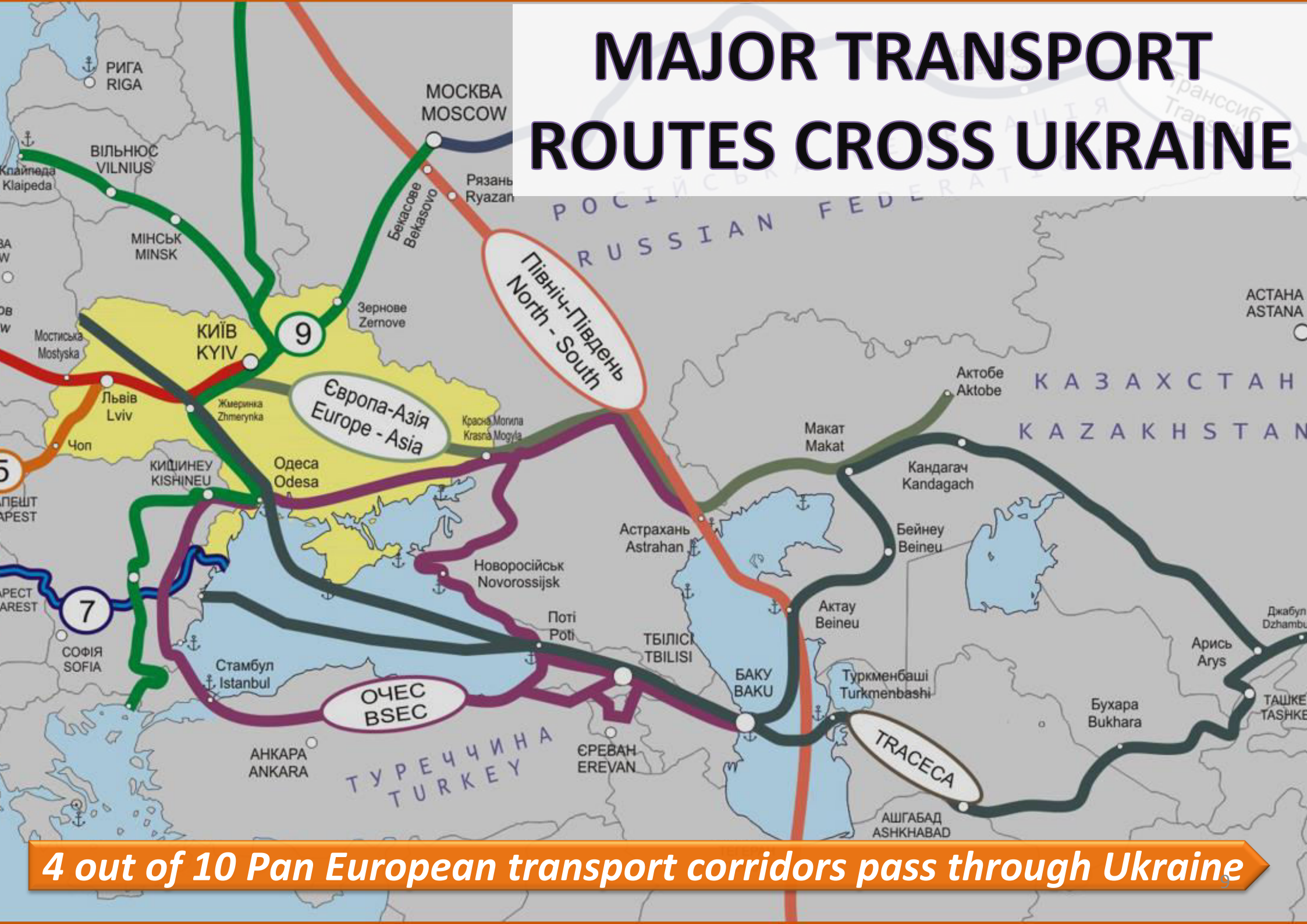
Ukrainian grain export forecast  
2011-2020\*, Mt



- ✓ Ukraine holds 1st place in the world for sunflower oil export and 2nd place for grain export
- ✓ Ukrainian exports of agricultural products reached USD \$14.8 billion last year
- ✓ Ukraine is seeking significant further development of its transportation networks to meet growth of export volumes

*Agricultural export will boost infrastructure development*

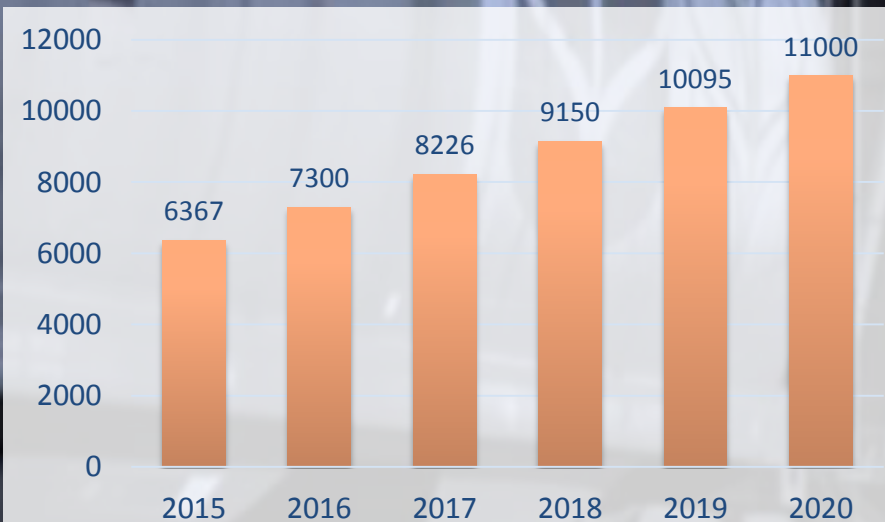
# MAJOR TRANSPORT ROUTES CROSS UKRAINE



**4 out of 10 Pan European transport corridors pass through Ukraine**

# <60% OF EXPORT TRANSPORTED TO THE PORTS BY RAILWAYS

Requirements for renewal of hoppers in  
Ukraine, units



- ✓ 97% of railway rolling stock requires modernization or replacement
- ✓ Grain production companies are experiencing serious shortage of hoppers
- ✓ Railway reform will open market for private operators
- ✓ Capital Investment Program development
- ✓ Cooperation with international producers

*Changing market structure in order to meet growth of export*

# 97% OF ROAD NETWORK REQUIRES RENOVATION

Map of International Road Development in Ukraine



- ✓ Road transportation had a 74% share of total freight transportation in Ukraine
- ✓ Cooperation with IFIs in order to renovate International Transport Corridors
- ✓ Attraction of private investments in road construction by concessions
- ✓ Alternative sources of financing

# ROADS AND TRANSPORT REFORMS

## Deregulation

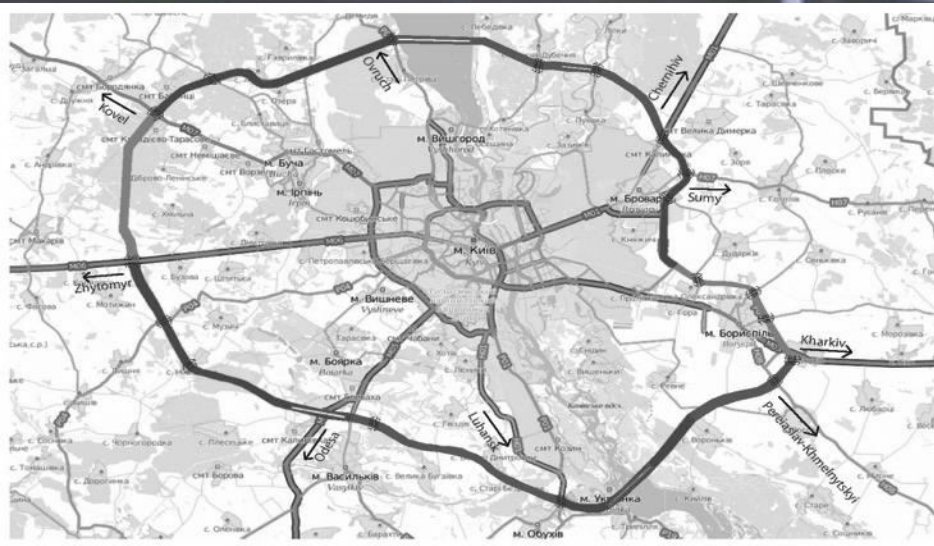


UAH 19,5 bn

- ☑ 60% increase of budget financing in 2016: for roads reconstruction allocated 6,5 bn. UAH
- ☑ New Financing Sources:
  - Decentralisation of road funding and maintenance to local governments
  - Customs revenue allocated for roads: 8,5 bn. UAH for road renovation in 2016
- ☑ Independent Quality Control
- ☑ Truck Weight Control System
- ☑ Improved Transparency:  
COsT Initiative – World Bank Program
- ☐ Ukravtodor Reform

*The road sector financing projected to increase by 4 times in 2016*

# CONCESSION OF KYIV GRAND RING ROAD CONSTRUCTION PROJECTS



Total length	Timeline	Total investments
215 km	4 years	\$6,8 bn (2009 est)

- ✓ The traffic flow across Kyiv reached 30 000 cars per day (2011 estimated)
- ✓ The project divided on several stages, the first priority fragments are:
  - Zhtomir – Odessa
  - Odessa – Kharkiv
- ✓ The 1 stage of the project will connect Odessa direction with the airport Boryspil
- ✓ The total road length 93,5 km
- ✓ 4 lines, 12 transport interchanges in two levels
- ✓ 1 bridge across Dnipro river and 3 small bridges

*The project will unload Kyiv from freight transit transport*

# 19 AIRPORTS

## Ukrainian Airspace and Airport Facilities

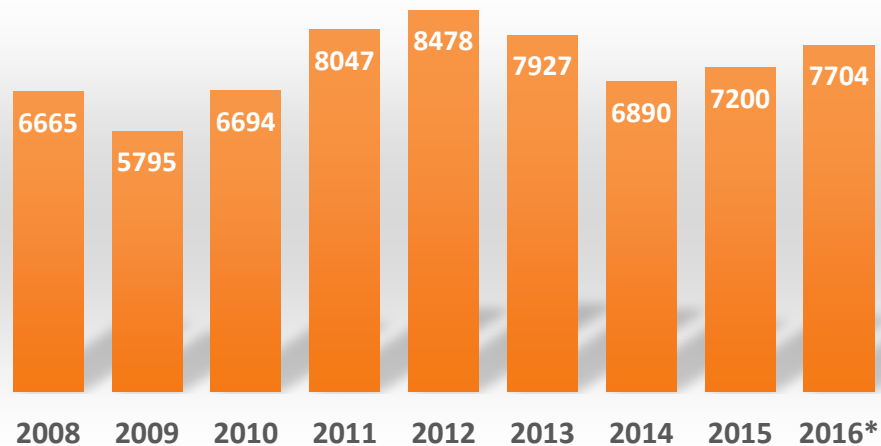


- ✓ Formation of competitive environment for airlines
- ✓ Development of strategic program of regional airports reconstruction
- ✓ Harmonization of legislation and technical regulations with the EU
- ✓ Signed Open Sky with US
- ✓ Preparation of Open Sky agreement with EU
- ✓ Local open skies regimes: Odessa, L'viv
- ✓ 29 March 2016 Italy declared Open Sky with Ukraine

***Growth of the passengers flow in Boryspil airport made 6% in 2015***

# CONCESSION OF THE PARKING IN BORYSPIL AIRPORT

Dynamic of passengers flow in Boryspil airport  
mln. passengers



Total parking  
places

2038

Project completed

50%

Investments

\$10,8 mln

- ✓ At the moment the car parking structure is 50% completed
- ✓ All legal hurdles to permit completion of the garage are done
- ✓ Current passenger activity has been impacted by the war
- ✓ Ukraine forecasts a recovery to previous passenger levels within the next 2 years
- ✓ The area of the construction is 18 398,0 sq.m.
- ✓ The area of the land plot is 30 000 sq.m.

***EBRD is ready to provide investor with 35% financing of the project***

# **GRATITUDE TO WESTERN NIS ENTERPRISE FUND!**