

# **Business Opportunities with INTERNATIONAL FINANCIAL INSTITUTIONS (IFI) in Ukraine**





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## UKRAINE ECONOMIC UPDATE APRIL 2017



 GDP GROWTH  
 PROJECTIONS

### POSITIVES:

2.3% growth in 2016 despite headwinds.  
Bumper agriculture harvest in fourth quarter.

### RISKS:

Escalation of the conflict in the East.  
Weak global economy.

### OPPORTUNITIES:

Advance reforms to boost growth.



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# IFI Lending 2017 in Ukraine

IFI lending activities depend on reforms - focus 2017 is on implementation

- World Bank – USD 2 billion lending commitment
- IFC – USD 695 million active investment portfolio
- EBRD - USD 1 billion new transactions
- EIB- USD 0.8 -1 billion with focus on implementation

## Constraints:

- Lack of project implementation capacity
- Procurement bottlenecks
- Allegations of corruption

# WB Country Partnership Framework 2017-23



# World Bank on-going Support to Ukraine



## Implementation and Adjusting Portfolio according to reform progress:

Stabilizing Financial Banking Sector

Social Safety Net Modernization Project

Health System Improvement

Agricultural Sector Support (supply chain modernization, access to finance by developing agri finance and agri insurance, land reform)

Transport Sector – Road Safety Improvement Project for Poltava to Kharkiv.

Energy Sector – Power Transmission Project (UkrEnergo) – study finalised and launch of project  
- District Heating EE Investment in selected DH companies across Ukraine

Water and Sanitation – Second Urban Infrastructure Project for 11 water institutions (350 m)

# EBRD Support to Ukraine



**Financial sector:** Reform of SOB (including nationalisation of PrivatBank, transformation of Oschadbank), strengthening of the NPL resolution framework, support to the Deposit Guarantee Fund, NBU and Securities Commission;

**Energy sector:** reform of gas and electricity markets in line with the EU 3rd Energy Package, regulatory framework to enable renewable energy investments, energy efficiency legislation and corporate governance reform of Naftogaz, Ukrenergo and EnergoAtom.

**Private sector and business climate:** Business Ombudsman, SOE restructuring and privatisation, e-procurement, 15 Business support centres and 3 regional ROs to assist SMEs, competitiveness, capacity building for agri-business and land reform.

**Infrastructure:** Concession Law, restoration of financial viability of the district heating sector, corporate governance of Ukrainian railways and state postal service.

**Reform Support Architecture:** Reforms Support Teams and a public administration reform dimension in key ministries- Agribusiness und EE

# EBRD Lending Activities in 2017

13 Operations in the amount of € 170 million were concluded until September 2017. Financial Closure of the following Transactions expected before year-end:

- Kharkiv Metro (€160m)
- Ukrainian Railways Electrification (€150m) and Renewal of Rolling Stock (US\$150m)
- Arcelor Mittal Kriviy Rih (€200m plus €150m mobilised under the B loan component).

The Bank is also working on a number of smaller private sector and municipal deals.

## EIB Ukraine Projects

Railway Infrastructure Modernisation

Modernisation & Safety Improvements on Road Network

Mykolayiv Vodokanal Project

Dnipropetrowsk Metro Traffic Concept and Marketing Study

Energy Efficiency Investment in University Buildings

Municipal Infrastructure Program (District Heating, Energy Efficiency, Water/Waste Water )



# Austrian Funding for IFI Technical Assistance Programs in Ukraine



IFC Ukraine Dairy Supply Chain Development Project (2018-2023)- USD 5 million

IFC Ukraine sustainable development of medium and small farmers (2015-2019)- 2 million

EBRD Residential Energy Efficiency Policy Program (2014-2017) - € 1 million

IFC Green Finance Development Program (2018-2023)- USD 2 million

IFC PPP Infrastructure Advisory Program - € 4 million

EIB Eastern Partnership Program – € 1,5 million

# IFC Dairy Supply Chain Development Project – USD 5 mln



The project aims at transforming the Ukrainian dairy industry from a smallholder based milk production system to a SME-driven sustainable and competitive milk production system.

**Objective 1:** Improving operational efficiency and productivity of small dairy producers in Ukraine

**Objective 2:** Improving small farmer access to inputs, services and financing

**Objective 3:** Improving capacity of milk processors on developing their milk suppliers

Duration of the program: 2018-2023

# IFC Sustainable Development of Medium and Small Farmers – USD 2 mln



Build capacity of input providers and distributors to transfer farm management skills, facilitate access to markets and access to finance.

Establish extension system for SME farmers with free farmer advice

Help provide SME farmers to finance inputs (voucher system).

Partners: Bayer Crop, Aval Bank

Program duration 2015-2019

# EBRD Residential Energy Efficiency Policy Dialog- € 1 mln



- Assist the Government in developing the framework for implementing the EU Energy Performance of Building Directive
- Developing the software tool for issuing energy performance certificates required under the Building Directive.
- Address shortcomings in the housing legislation that prevent investments in housing sector
- Assessing suitable instruments for residential energy efficiency policy and preparing the ground for a financing facility

Program duration 2015-2017

Stakeholder Roundtable December 2017 in Kiev

# IFC Green Finance Development Program-USD 2mln



To facilitate “green” investments through development work with banks, off-takers, aggregators and vendors.

Special focus will be on developing investment potential in key areas such as biomass value chains and green-energy to address market failures in the value chains.

Main partner will be Ukrgasbank but aim is also to gradually developing green financing market.

Program duration: 2017-2022

Workshop Event Spring 2018

# IFC PPP Infrastructure Program- USD 4 mln



**Kyivenergo** – Unbundling waste incineration from district heating and concession for full privatization of „Energiya“ incineration plant.  
Increase waste incineration, doubling heat generation and increase power capacity to 8 MW-( USD 100 million)

**Olvia Port Development** preliminary assessment completed

**Kherson Port Development** - preliminary assessment completed

**Chornomorsk Ferry Terminal** – strong investor interest

**Kyiv Hospital** – suitable PPP modalities under review

**Thank you**