

# National Strategy to Increase Foreign Direct Investment in Ukraine

## Section 3: Action Plan

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This and other documents constituting the entirety of the Strategy were prepared as of March 15, 2021. No further amendments to quantitative data or recommendations therein were made after that date.

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# List of Public Authorities Abbreviations

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<b>AMCU</b>	Antimonopoly Committee of Ukraine	<b>NBU</b>	National Bank of Ukraine
<b>CMU</b>	Cabinet of Ministers of Ukraine	<b>NCCIR</b>	National Commission for Communications and Informatization Regulation
<b>ECA</b>	Export Credit Agency	<b>NCSSM</b>	National Commission on Securities and Stock Market
<b>MAPF</b>	Ministry of Agrarian Policy and Food of Ukraine	<b>NEURC</b>	National Energy and Utilities Regulation Commission
<b>MCTDU</b>	Ministry of Communities and Territories Development of Ukraine	<b>Parliament</b>	Verkhovna Rada of Ukraine
<b>MDT</b>	Ministry of Digital Transformation of Ukraine	<b>SAAU</b>	State Aviation Administration of Ukraine
<b>MEA</b>	Ministry of External Affairs of Ukraine	<b>SPFU</b>	State Property Fund of Ukraine
<b>MEU</b>	Ministry of Energy of Ukraine	<b>SCS</b>	State Customs Service of Ukraine
<b>MIA</b>	Ministry of Internal Affairs of Ukraine	<b>SRS</b>	State Regulatory Service of Ukraine
<b>Minecology</b>	Ministry of Ecology and Natural Resources of Ukraine	<b>StateGeoCadaastre</b>	State Service of Ukraine for Geodesy, Cartography and Cadastre
<b>Mineconomy</b>	Ministry for Development of Economy, Trade and Agriculture of Ukraine	<b>STS</b>	State Tax Service of Ukraine
<b>MIU</b>	Ministry of Infrastructure of Ukraine	<b>United State Register</b>	The United State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Ukraine
<b>MJU</b>	Ministry of Justice of Ukraine	<b>USPA</b>	Ukrainian Sea Ports Authority
<b>MoF</b>	Ministry of Finance of Ukraine	<b>UZ</b>	JSC Ukrainian Railways
<b>MSE</b>	Ministry of Science and Education of Ukraine	<b>SSUFSCP</b>	State Service of Ukraine on Food Safety and Consumer Protection
<b>MSP</b>	Ministry of Social Policy of Ukraine		

# Operational and Legal Plan: Notes on Approach

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Based on our analysis we identified tasks and activities that can be carried out in the short- or mid-term perspectives in order to attract FDI. Our proposed tasks reflect recommendations regarding FDI barriers, gaps and enablers we presented in the relevant reports with macroeconomic and sectoral analysis.

The description of possible actions to be undertaken within each task generally covers (i) activities related to development and approval of the state policy and (ii) activities involving preparation of legislative framework for the relevant FDI matter. Note that wording suggestions and detailed conceptual analysis of legislative changes required to implement each respective task are not part of this action plan. Please also note that the list of possible actions for each task is not aimed to be exhaustive and may be further adjusted by the relevant public stakeholders.

The indication of authorities involved in implementation of tasks under the action plan is broken down into (i) key authorities bearing primary responsibility for carrying out the relevant task, and (ii) other authorities that may be engaged in performance of the task at various levels and stages. We determined the responsible authorities taking into account the area of their policy-making power and the current status of the proposed initiative we were able to identify (e.g., the draft law was developed but not yet submitted, the draft law needs to go through respective Parliamentary readings).

The list of public stakeholders indicated in the action plan is not set to be exhaustive and may be subject to further clarifications as the action plan goes forward. Please also note that references to specific Parliamentary Committees were made in cases where the draft laws reflected in the relevant tasks were under consideration in the Parliament.

The level of importance of each task (high, medium and low) reflects the estimated potential influence of such task on the FDI attractiveness of Ukraine. The estimated complexity of each task has the three levels as well: high - if the task requires a comprehensive legislative/policy reform or complex political decisions; medium - if the task requires development/adoption of the relevant laws/amendments to the laws and development of complex regulations from scratch; low - if legislative framework required for the task is under the final stages of approval or required regulations/amendments is not complicated.

Within the Legal Plan, the priority of tasks from the highest to lowest (1-5) was assigned taking into account the action's immediate contribution to unlocking new FDI flows. At that, the priority also depends on complexity and estimated period of implementation (can be carried out in 2-3 years), as well as on the estimated potential influence on the overall FDI attractiveness of Ukraine. The level of priority does not necessarily correlate with the overall outcome to the Ukraine's economy.



A photograph of a sailboat on the water during sunset. The sun is low on the horizon, casting a warm glow over the scene. The sailboat's white sail is visible, and the water is dark with some whitecaps. A large, semi-transparent number '1' is overlaid on the left side of the image.

# Stream 1: Operational Plan





# Operational Plan: General Actions

# I. Operational Action Plan

## 1. General Actions



### 1.1. Reforms

#### Reasoning

#### Impact on / Importance for Investments Attraction

#### Ref. to Legal Plan

#### Targeted Deadline (Year)

#### Responsible Public Body

#### Involved Stakeholders

#### Level of Importance

#### Level of Complexity of the Action

#### 1.1.1

Ensure a more effective cooperation between the private and public sectors in the privatization process

Large scale privatization is suspended since 25 September 2020 and until termination of COVID-19 quarantine measures set by the CMU. Furthermore, there are certain complexities in the privatization progress, which complicate procedure of access to the lease of state and municipal lands.

Improved legislation on privatization should simplify the access of foreign investors to the privatization process.

3.1.2, 1.9, 1.15

2021

SPFU

Project dependent, see the Legal Plan

High

Med

#### 1.1.2

Develop and implement legislation to incentivize and facilitate investment into the Ukrainian economy

To attract investors, developing countries such as Ukraine should have more attractive incentives than their direct competitors in the global market. There are proven solutions implemented around the world that can open up new investment opportunities, including but not limited to: investment guarantees, industrial parks, and long-term budget commitments. None of them can currently work effectively in Ukraine because of different kinds of legal restrictions.

Developed and implemented legislation on investments support can exponentially increase Ukraine's attractiveness to foreign investors.

1.1, 1.3 - 1.5, 2.1.1, 3.1.1, 3.2.2, 4.5

Project dependent, see the Legal Plan

Project dependent, see the Legal Plan

Project dependent, see the Legal Plan

High

High

#### 1.1.3

Adjust business regulatory environment to the current business needs

Some of the Ukraine's current regulatory policies make it difficult for a potential investor to enter the market. For example, including but not limited: (i) The merger clearance procedure in Ukraine is quite complicated and may take time required for making prompt business decisions; (ii) The licensing procedure has complications in certain respects; (iii) Foreign investors need to go through a complicated procedure for employment of foreign citizens in Ukraine. (iv) Ukraine still has not implemented a dedicated legal framework for the capital and commodity markets.

If these complications are properly addressed, entry into the market will be simplified and some procedures will become even more investor-friendly.

1.2, 1.6, 1.8, 1.10, 1.11, 1.12 - 1.14

Project dependent, see the Legal Plan

Project dependent, see the Legal Plan

Project dependent, see the Legal Plan

High

High



# I. Operational Action Plan

## 1. General Actions



### 1.1. Reforms

#### Reasoning

#### Impact on / Importance for Investments Attraction

#### 1.1.4

##### Improve investor protection practices

It is important for foreign investors to believe that in the case of unsuccessful cooperation with local entities, they will have effective mechanisms for protecting and claiming their interests. Hence, the weak local court system is one of the main obstacles affecting the investment climate in Ukraine.

Improving investor protection practices will help Ukraine look like a less risky option for investors. Thus, more investment decisions can be made in favor of Ukraine.

#### 1.1.5

##### Develop and adopt the new Export Strategy (the acting one lasts till 2021)

Currently, the export structure of Ukraine is not sufficiently diversified as metals and agricultural products dominate it. Also, export structure is, to a large extent, characterized by intermediate goods, leaving the opportunity of domestic production and subsequent export of high value-added end goods untapped. Throughout the operations of existing export strategy, the number of trade destinations substantially increased. However, export of new products was non-existing indicating critical lack of country-wide innovation capabilities. Thus, Ukraine is steadily losing its export competitiveness as the country export structure remained unchanged even though global trends shifted significantly.

Solving current export-related problems by developing and implementing the new Export Strategy will enhance the competitiveness and diversification of Ukrainian export. In turn, this will positively affect Ukraine's economy and the country's innovation potential. Enhancement of export competitiveness will also positively affect the country's attractiveness in foreign investors' eyes as export competitiveness directly reflects the strength of the country's economy.

Ref. to Legal Plan

1.12 - 1.14

Targeted Deadline (Year)

2021

2021

Responsible Public Body

MJU, High Qualification Commission of Judges of Ukraine

CMU

Involved Stakeholders

CMU, Parliament, President, Supreme Court of Ukraine

CMU, Parliament, President

Level of Importance

High

Med

Level of Complexity of the Action

Med

Med

# I. Operational Action Plan

## 1. General Actions



### 1.1. Reforms

#### Reasoning

#### Impact on / Importance for Investments Attraction

#### Ref. to Legal Plan

#### Targeted Deadline (Year)

#### Responsible Public Body

#### Involved Stakeholders

#### Level of Importance

#### Level of Complexity of the Action

#### 1.1.6

##### Simplify cross-border trading within the framework of the Export Strategy

Currently, various customs procedures, including the issuance of licenses and permits deemed to be overly long and complicated, resulting in substantial time and monetary costs for businesses. Customs have extensive rights to detain goods, leading to time delays and additional logistics costs. Also, certain customs engage in unlawful practices resulting in substantial complications for business.

Resolving outlined issues associated with customs will allow increasing the volume of interstate commerce and trade leading to an increase in state revenue from customs duties and making Ukraine more attractive to foreign investors due to the improved cross-border movement of goods.

1.10, 5.1

2021

CMU

CMU, Parliament, President

High

High

#### 1.1.7

##### Develop the industrial parks planning model taking into account specific labor force capabilities and availability in each region

Inability to incorporate labor force capabilities in industrial parks planning may have adverse effects on both industrial parks and their inhabitant. Mismatch of labor capabilities may limit the demand for industrial park premises. Also, operations of the industrial park are likely to be sub-optimal. Thus, industrial park contribution to the country's economic growth will be limited or even non-existent. Inhabitants of such industrial parks likely to face a constant shortage of labor, resulting in higher hiring costs. Moreover, it will be complicated to establish efficient operations due to insufficient labor qualification. Thus, the likelihood of generating sufficient return on investment is decreasing. The region in which mismatch of labor capabilities happened also might be negatively affected as the number of actual and expected created job may differ, resulting in unemployment.

The development of a model that will incorporate labor force capabilities and availability in each region will allow maximizing economic benefits arising from operations of industrial parks. Moreover, it will make potential inhabitants more interested in industrial parks due to the ability to establish efficient operations. Lastly, well-planned industrial parks likely to attract foreign investors as both infrastructure and labor will be readily available.

1.4

2021

CMU

CMU, Parliament

Mid

Mid



# I. Operational Action Plan

## 1. General Actions



### 1.1. Reforms

#### Reasoning

#### Impact on / Importance for Investments Attraction

#### Ref. to Legal Plan

#### Targeted Deadline (Year)

#### Responsible Public Body

#### Involved Stakeholders

#### Level of Importance

#### Level of Complexity of the Action

#### 1.1.8

##### Promote and enhance cooperation between universities and business

An advantage of Ukrainian universities is the ability to provide students with strong theoretical knowledge. Yet, universities are missing out on providing students with the practical knowledge and skills needed to be competitive in the labor market. Moreover, due to the limited interaction with businesses, universities cannot fully adapt to the rapidly changing job market. Limited interactions with businesses also limit the access of academic staff to the current industry practices leading to potential issues with the adaption of educational programs to labor market trends. Lastly, innovation potential resulting from the interactions remains untapped, resulting in lost opportunities for both businesses and universities.

Promotion and enhancement of cooperation between businesses and universities will bring substantial benefits. Innovation capabilities of the companies will be improved as students can contribute new ideas to the businesses. The local labor market will be enhanced, and firms will benefit from more highly skilled employees. Students will be more satisfied with the educational process due to combinations of practical and theoretical knowledge. Academic staff will be able to learn current industry practices making universities more competitive locally and internationally.

Ongoing

CMU

CMU, Parliament

High

Mid

#### 1.1.9

##### Launch the dual education model for TVETs (Technical and Vocation Education and Training institutions)

Ukraine is currently experiencing a shortage of resources that can be allocated to the maintenance and development of TVETs, leading to a decrease in the quality of education and the number of students studying in TVETs. This issue is critical as the Government recognized a shortage of labor within the industries where TVETs education is necessary. Also, due to the fund constraints, TVETs cannot provide adequate work orientation resulting in a higher unemployment rate among youth. Lastly, poor maintenance and development of TVETs stimulate emigration, magnifying the labor shortage problem.

Implementation of dual education will transfer majority of responsibility to the businesses that need TVETs graduates as student will be required to spend most of the time obtaining work-related knowledge on the enterprise. Only 20-40% of time will be devoted to obtaining theoretical knowledge. Thus, regional authorities will be able to free up financial resources needed to maintain and develop TVETs. Moreover, dual education will increase employability of the students allowing to mitigate labor shortage and emigration risks.

2022

CMU

CMU, Parliament

Mid

High

# I. Operational Action Plan

## 1. General Actions



### 1.1. Reforms

#### Reasoning

#### Impact on / Importance for Investments Attraction

#### Ref. to Legal Plan

#### Targeted Deadline (Year)

#### Responsible Public Body

#### Involved Stakeholders

#### Level of Importance

#### Level of Complexity of the Action

#### 1.1.10

#### Ensure focus on STEM+English within the Secondary Education Reform

Ukrainian secondary education is relatively outdated as it is mainly focused on providing pupils with basic knowledge on subjects outlined in the education program. Yet, secondary education omits the development of highly important soft skills. Focusing on STEM will enable us to integrate the areas of science, technology, engineering, and mathematics, emphasizing teamwork and problem-solving as these skills are crucial in the modern fast-changing world. The STEM approach additionally develops the following skills: creativity, initiative, digital literacy, communication, and critical analysis. Additionally to STEM, emphasis on English as primary global communication language should be made.

STEM+English approach will make secondary education more adapted to the rapidly changing job market, helping to retain the workforce advantage Ukraine has in the FDI competition game. English fluency of the workforce and local management is critical to many international investors and one of the factors in the FDI location decisions.

Ongoing

CMU

CMU, Parliament

High

High

#### 1.1.11

#### Decrease the costs of doing business in the taxation pillar

Ukraine's taxation pillar exerts substantial pressure on businesses of all sizes leading to a number of adverse effects. The pressure is reflected in the excessive strictness of regulatory bodies that perform compliance oversight. Also, the tax law is deemed to be unstable as it is subject to minor changes that occur quite often. Even though the changes are minor, the inability to comply with the changes leads to substantial penalties for the businesses. Lastly, pressure in the monetary terms is also the substantial restricting ability of the business to expand. The aforementioned facts lead to the restricted ability of a businesses to expand and innovate that directly influences the country's economic conditions.

Reducing business costs associated with the tax pillar will benefit both state and businesses. The state will increase revenue from the taxes as a business will abandon unlawful tax avoidance practices. Easing tax pressure will foster economic development as businesses will reinvest more resources in expansion and innovation. Foreign investors will be more attracted to invest due to the improved taxation conditions. Besides more resources available for innovation and expansion, businesses will be able to provide employees with higher salaries that will increase the population's spending capabilities, resulting in economic growth.

2021

CMU

CMU, Parliament

High

Mid



# I. Operational Action Plan

## 1. General Actions



### 1.1. Reforms

#### Reasoning

#### Impact on / Importance for Investments Attraction

#### Ref. to Legal Plan

#### Targeted Deadline (Year)

#### Responsible Public Body

#### Involved Stakeholders

#### Level of Importance

#### Level of Complexity of the Action

#### 1.1.12

#### Direct efforts at reducing country risk indicators

Ukraine has a number of macro risks that can potentially affect the economic performance of Ukraine. These risks are dependent on commodity prices and weather conditions, currency fluctuations, demand for domestic government bonds, weak state of the economy, and declining demographics. In case of strong negative fluctuations of commodity prices or harsh weather conditions value of export can decrease significantly, leading to an increase in the fiscal deficit. Currency fluctuations bring substantial uncertainty as hryvna might be seen as "expensive" due to the drop of the income from export of agriculture, decreased foreign demand for domestic government bonds, and generally weak state of the economy. As the ability to roll over government bonds and reliance on external debt is limited, the fiscal deficit in conjunction with currency fluctuations might pose a serious issue.

Substantial efforts directed towards reducing mentioned risks are crucial in order to preserve fragile economic stability. One of the potential ways to consolidate the effort is to prioritize the improvement of the country consensus rating to BB+ level as improvement in the credit rating requires mitigation and minimization of mentioned risks.

Ongoing

CMU

CMU, Parliament

High

High

#### 1.1.13

#### Develop a coherent Depopulation and Labor Force Flight Mitigation Strategy

There is no strategy to fight emigration, especially when it comes to highly-skilled labor. Inability to prevent net emigration may lead to an adverse effect on the country's general well-being. According to an IMF study conducted in 2012, cumulative real GDP growth of developing countries would have been 7% higher on average in the absence of emigration during 1995-2012. Thus, emigration has a substantial effect on the real GDP growth of Ukraine. The negative effect of emigration is reflected in fewer tax revenues, competitiveness decline, and loss of potential entrepreneurs. The decline in tax revenues is inevitable as the majority of emigrants are young workers who make the largest contribution to the tax revenues. Also, the ratio of pensioners to the working population increases, leading to issues related to sustaining pension spending on an adequate level.

The development of a strategy that prevents emigration is a must for Ukraine as potential emigration consequences may cause irreparable damage to the country's economy and the well-being of the population.

1.11

2021

CMU

CMU, Parliament,  
President

High

Mid

# I. Operational Action Plan

## 1. General Actions



### 1.1. Reforms

1.1.14

#### Develop a comprehensive SOE Governance and Privatization Strategy

Successful reform of SOEs will boost Ukraine’s economic growth, create new employment opportunities and significantly improve Ukraine’s position in the world’s competitiveness ranking. SOEs play a critical role in Ukraine’s ability to meet its various reform objectives, and reforming them is a key aspect of achieving USAID/Ukraine’s Development Objective (DO) of reducing the economic impact of corruption. Well-administered and effective SOEs can bring significant economic benefits to the country and build faith in the country’s reform trajectory.

#### Reasoning

Historically, SOEs account for a significant share of economic activity. Not surprisingly, SOEs are concentrated in natural monopoly sectors, but they are present to varying degrees in other sectors as well, such as mining and quarrying, agriculture, manufacturing, and services. They bear responsibility for providing a range of public services, particularly in strategic industrial sectors such as energy, water supply, waste management, communications, and defense, among others. At the same time, many SOEs are known to be corrupt, benefiting the connected few rather than citizens at large. SOEs systematically underperform relative to their private sector counterparts. Poorly performing SOEs hold back economic growth and diminish the trust of Ukrainians in the country’s institutions. Finally, economies with a larger SOE footprint tend to have a lower public capital stock and a lower quality of infrastructure.

#### Impact on / Importance for Investments Attraction

Reduction of corruption as a result of SOE reform is a critical factor for attracting foreign investment on its own. Coupled with a sensible privatization strategy, this will significantly raise competitiveness and economic health of the Ukrainian market, which will send predominantly positive signals to investors across a number of sectors.

Ref. to Legal Plan	1.9
Targeted Deadline (Year)	2021-2022
Responsible Public Body	CMU
Involved Stakeholders	CMU, Parliament, President
Level of Importance	High
Level of Complexity of the Action	High



A photograph of a sailboat on the water during sunset. The sun is low on the horizon, casting a warm glow over the scene. The sailboat's white sail is visible, and the water is dark with some white foam from the boat's wake. The sky is filled with soft, colorful clouds.

# Operational Plan: Transport Infrastructure

# I. Operational Action Plan

## 2. Transport Infrastructure



### 2.1. Unlocking sectoral potential

#### Reasoning

#### Impact on / Importance for Investments Attraction

#### Ref. to Legal Plan

#### Targeted Deadline (Year)

#### Responsible Public Body

#### Involved Stakeholders

#### Level of Importance

#### Level of Complexity of the Action

#### 2.1.1

##### Create a National Transport Regulatory Committee

Currently in Ukraine there is no independent regulator of tariffs of natural monopolies (USPA, UZ, Ukraerokukh), which causes a lack of transparent tariff formation in the market. This affects the country's economy. Thus, UZ tariffs are divided by cargo classes, despite the lack of cost differences; The USPA port fee, which is one of the highest in the region, has not been listed for years according to a transparent methodology, and a similar problem applies to airport charges.

The creation of a national commission for state regulation in the field of transport will allow to move to the best practices of tariff formation, which is important both for the financial stability of state-owned companies and for the competitiveness of the Ukrainian economy as a whole.

2.3.1

2022

MIU, CMU

Mineconomy, MoF, MDT, MJU, Parliamentary Committee on Transport and Infrastructure, Parliament, President

High

High

#### 2.1.2

##### Complete the reform of Ukrzaliznytsia and adopt a modern law on railway transport

Currently, Ukrzaliznytsia is a monopolist in the field of railway transportation. Lack of competition reduces the efficiency of railway infrastructure management. Thus, the share of freight transportation by rail in recent years has decreased from 56-56% in 2009-2015 to 46% in 2019.

Successful reform of Ukrzaliznytsia demonopolizes some markets, to which private companies currently do not have access, which will open additional opportunities for attracting foreign investment. Also, successful reform will allow strategic investors to enter certain segments of Ukrzaliznytsia.

2.1.2

2021

MIU, CMU

Mineconomy, MoF, MDT, MJU, Parliamentary Committee on Transport and Infrastructure, Parliament, President

High

High

#### 2.1.3

##### Improve the procedures for buyout of land plots for the new transport infrastructure construction and transferring water fund lands into use

To begin construction works in a Ukrainian port, the relevant entity should have the ownership or use title to the land plot at the bottom of the water. The problem is that now Ukrainian law separates the land plot and the water object above such land plot as two separate objects and it is unclear who is authorized to transfer sea ports land with water objects to use.

Effective legislation framework on transferring water fund lands into use will allow starting construction work in ports, including through foreign direct investments.

2.2.1-2.2.2

2021

MIU, MCTDU

Mineconomy, MoF, MDT, MJU, StateGeoCadastre, CMU, Parliament, President

High / High ↓



# I. Operational Action Plan

## 2. Transport Infrastructure



### 2.1. Unlocking sectoral potential

#### Reasoning

#### Impact on / Importance for Investments Attraction

#### Ref. to Legal Plan

#### Targeted Deadline (Year)

#### Responsible Public Body

#### Involved Stakeholders

#### Level of Importance

#### Level of Complexity of the Action

#### 2.1.4

Implement a mechanism for compensation of the private investments in public infrastructure objects

Historical underfinancing of existing infrastructure rehabilitation and modernization resulted in deep deterioration of public capital assets, and the state does not obtain enough funds to ensure all the investments need. Simultaneously, the problem cannot be fixed by attracting private investments as in all types of infrastructure, procedures of compensation of the private investments are not appropriately regulated and, thus, do not work in practice.

Establishing an effective mechanism for compensation of the private investments in public infrastructure objects may unlock new investments projects in all types of infrastructure.

2.3.5

2022

MIU, CMU

USPA, Mineconomy, MoF, MDT, MJU, Parliament, President

High

Mid

#### 2.1.5

Remove limitations for PPPs in rail infrastructure

Public main railway lines and technological structures (e.g., railway stations and public tracks, technological power supply devices) are state-owned (assigned to JSC "Ukrzaliznytsia" based on the economic management title) and may not be privatized, leased and transferred into concession.

Removed limitations for PPPs in rail infrastructure will allow to initiate attracting private investments for broader list of projects. For example, there is an initiative to attract investments to the project of high-speed railway traffic in Ukraine.

2.1.2

2021

MIU, CMU

MoF, Mineconomy, MDT, MJU, Parliamentary Committee on Transport and Infrastructure, Parliament, President

Mid

High

#### 2.1.6

Update the rules governing transition from certain arrangements to concession

The current rules for transition from lease to concession are quite complicated and have procedural flaws (e.g., there are inconsistencies/unclarities in the sequence of certain procedural stages and milestones, there are no separate rules for direct negotiation and signing procedure). These rules also do not allow for the possibility for converting joint activity into concession.

Updated rules for transition from lease to concession will allow the engaging private sector to invest in the leased capital assets. Concession envisages long term guarantees regarding investments from the private side.

2.1.3

2021

MIU

Mineconomy, MoF, MDT, MJU, CMU, Parliament, President

Mid / High ↓



# I. Operational Action Plan

## 2. Transport Infrastructure



### 2.1. Unlocking sectoral potential

2.1.7

#### Develop and implement regulation on toll roads in concession

Current rules for concessionaire's calculation of losses from free-of-charge travel on roads are not in line with the new Law on Concession. These rules provide that concessionaire calculates the losses from free-of-charge travel on roads based on daily traffic. However, the issue of traffic intensity calculations by the concessionaire for losses is not regulated. There is only general "DSTU" standard for general traffic calculations and no compensation calculation rules under the Law on Concession (Article 42).

Also, there is no legislative mechanism for collecting payments from the toll roads (in EU, Directive 2004/52/EC sets out the European electronic toll service and establishes the types of technologies for electronic toll systems to finance road infrastructure or to collect road usage fees).

Developed regulation will unlock concession in the road sector.

#### Reasoning

#### Impact on / Importance for Investments Attraction

Ref. to Legal Plan

2.1.4.

Targeted Deadline (Year)

2021

Responsible Public Body

MIU

Involved Stakeholders

Mineconomy, MoF, MDT, MJU, CMU, Parliament, President

Level of Importance

Mid

Level of Complexity of the Action

High

2.1.8

#### Regulate stevedoring business in fishing ports and at the shipyards

Sea fishing ports are regulated by the Law on Fishery, Industrial Fishing and Protection of Water Bioresources.

Reportedly, the sea fishing ports are processing the same cargo as stevedoring companies due to reduction in the flow of fish products to Ukraine. Certain shipyards provide business activity on cargo transshipment as stevedoring companies without relevant legislative framework. The Law on Sea Ports does not regulate their activity, so the law has gaps in governing the provision of services by the fish ports and shipyards acting as stevedoring companies.

Structured regulation approach will lead to enhancement of the fish ports and shipyards attractiveness (and auxiliary business) as potential FDI targets.

2.3.7

2021

MIU

CMU, Parliamentary Committee on Transport and Infrastructure, Parliament, President

Mid

Mid

# I. Operational Action Plan

## 2. Transport Infrastructure



### 2.1. Unlocking sectoral potential

#### Reasoning

#### Impact on / Importance for Investments Attraction

#### Ref. to Legal Plan

#### Targeted Deadline (Year)

#### Responsible Public Body

#### Involved Stakeholders

#### Level of Importance

#### Level of Complexity of the Action

#### 2.1.9

#### Address possible future funding gap in the road fund and the lack of other sectoral funds

The current model of financing PPP projects in the road sector foresees the financing of payments to investors from the road fund. However, according to the World Bank calculations, in the long term, the current sources of revenues of the Road Fund will only be enough to cover non-capital expenditures. According to the calculations of Ukravtodor, the funding gap will amount to UAH 411 bn until 2036. Funding for new projects could be provided by the introduction of fees from road users. Besides the funding gap in the Road Fund, Ukraine faces the absence of special infrastructure-oriented funds in the Rail and Airport sectors. It results in a lack of a reliable source of financing for direct state subsidies in the relevant infrastructure and the realization of PPPs program in the featured sectors.

Solving the issue of the future shortage of funds in the road fund will both enhance the state's ability to attract FDI in the road construction industry and guarantee a reliable source of funding to support road infrastructure in a satisfactory condition. Moreover, the creation of special funds focused on rail and airport infrastructure will make it possible to attract FDI to these sectors on a compensatory basis.

#### 2.3.2

#### 2022

#### MIU

MIU, Mineconomy, MoF, MDT, MJU, CMU, Parliament, President

#### High

#### High

#### 2.1.10

#### Approve the aviation rules for access to handling services market

The Air Code of Ukraine provides that the aviation rules should set out the types of ground handling services and rules for carrying out such services. Development of the ground handling rules is also part of approximation of Ukraine's legislation with EU regulations (particularly, EU Directive 96/67/EC of 15 October 1996 on access to the ground handling market at Community). The State aviation administration of Ukraine prepared the draft aviation rules for access to handling services market. These draft rules, however, have not been approved.

The approved aviation rules for access to handling services market will unlock new market for investors.

#### 2.3.8

#### 2021

#### SAAU

MIU, Mineconomy, MoF, MDT, MJU, AMCU

#### High

#### Mid

# I. Operational Action Plan

## 2. Transport Infrastructure



### 2.1. Unlocking sectoral potential

#### 2.1.11

##### Complete the USPA reform and implement the Port-Landlord model

#### Reasoning

The current status of USPA limits its economic activity in land management and, in general, limits the investment potential of the company and does not allow to implement the provisions of the National Transport Strategy of Ukraine until 2030. USPA is now legally an SOE, resulting in the following restrictions:

I - in the field of corporate relations. USPA cannot establish subsidiaries, purchase corporate rights, etc., unlike foreign state port corporations, which are active players in the market of port terminals DP World (UAE), Port of Antwerp Authority (Belgium), PSA (Singapore) ).

II - in the field of work with MFIs, banks and investors. Currently, USPA is only the operator of state-owned port assets represented by IMU. MFIs, banks and investors are reluctant to work with an enterprise that does not own its assets. First of all, it negatively affects the provision of loans for the implementation of future infrastructure projects.

III - in the field of property management. - The current legal status does not allow the company to be a party to lease/concession agreements for port assets. Also, land relations in the implementation of investment projects can be extremely complicated. Thus, there are cases when land plots for construction in ports belong to various local authorities, regional councils and private entities. To attract foreign investment, it is necessary to regulate such situations.

#### Impact on / Importance for Investments Attraction

Corporatization of USPA will allow to get rid of existing restrictions of economic activity and to pass to Port-Landlord model with granting of USPA necessary rights to systematically coordinate and plan the usage of the port lands and complex development of port territories and to expand volumes of investments in port infrastructure.

#### Ref. to Legal Plan

#### Targeted Deadline (Year)

2021-2025

#### Responsible Public Body

USPA

#### Involved Stakeholders

MIU, CMU, Parliament

#### Level of Importance

High

#### Level of Complexity of the Action

High



A photograph of a sailboat on the water during sunset. The sun is low on the horizon, casting a warm glow across the sky and reflecting on the water. The sailboat's white sail is visible, and the boat's deck and rigging are in the foreground. The text "Operational Plan: Energy" is overlaid on the left side of the image.

# Operational Plan: Energy

# I. Operational Action Plan

## 3. Energy



### 3.1. Unlocking sectoral potential

#### Reasoning

#### Impact on / Importance for Investments Attraction

#### Ref. to Legal Plan

#### Targeted Deadline (Year)

#### Responsible Public Body

#### Involved Stakeholders

#### Level of Importance

#### Level of Complexity of the Action

#### 3.1.1

#### Reconsider price caps for the electricity market

In accordance with the Regulation (EU) 2015/1222 of 24 July 2015 on establishing a guideline on capacity allocation and congestion management, and in particular Article 7 p.1, with the acceptance of national regulators (Article 9 p.6) market operators are responsible for setting the minimum and minimal price controls for the day ahead market (DAM) and for the intraday market (ID). Such price restrictions should be based on the calculation of value of lost load (VoLL), i.e reflect the electricity price, which is acceptable for consumer or supplier (or which is economically reasonable for power generating company) in order to avoid limiting the consumption (cessation of production). Taking into account the Regulation, the majority of European market operators have set the limits at the level of -500\+3,000 euro\MWh for the day ahead market (DAM) and -9,999\+9,999 euro\MWh for the intraday market (ID). However, the relevant restrictions in Ukraine are much stricter and are set at the level of 1,229 UAH\MWh (offpeak hours) and 2,048 UAH\MWh (peak hours) for the day-ahead market.

Abolishment of strict price caps will create effective market price and investment signals for market participants, as well as ensure sufficient profitability of generating companies (including marginal power units).

2021

NEURC

Mid

Low

#### 3.1.2

#### Intensify the process of integration of the Ukrainian Energy System (UES) with ENTSO-e

DTEK (due to vertical integration) and Energoatom (due to considerable market share) have enough market power to significantly influence the price setting at the electricity market. Under such conditions, the availability of imports is an important condition for the reasonable and transparent price mechanism for electricity. Historically, the Ukrainian Energy System (UES) is united with the energy systems of Russia and the Republic of Belarus, but imports from these countries are limited due to political reasons. Therefore, from an economic point of view, it is advisable to limit the market power of local players. An alternative source of demand coverage may be electricity import from Hungary, Slovakia and Romania, but, in this case, it is necessary to complete the process of full integration of the UES with ENTSO-e as soon as possible.

Expanding electricity imports is one of the conditions for limiting the market power of local players and forming reasonable and transparent electricity prices. In the long term, the availability of additional sources of electricity (imports from Europe) can lead to a decrease in electricity prices.

#### 3.1.4

2021-2025

NEC "Ukrenergo"

MEU, NEURC

High

High



# I. Operational Action Plan

## 3. Energy



### 3.1. Unlocking sectoral potential

#### Reasoning

#### Impact on / Importance for Investments Attraction

Ref. to Legal Plan	3.1.1
Targeted Deadline (Year)	2021
Responsible Public Body	MEU
Involved Stakeholders	NEURC, CMU
Level of Importance	High
Level of Complexity of the Action	Mid

#### 3.1.3

##### Complete the shift from commodity model to financial model of Public Service obligations

The current PSO model imposes that Energoatom should sell part of the electricity to Guaranteed Buyer, which in turn sells it at the DAM. At the same time, the demand on the DAM is often less than the volume of sales, so the surplus of electricity is sold with a discount on the balancing market. As a result, a deficit of funds is formed for: a) coverage of feed-in tariffs; b) for payments to SE “NNEGC Energoatom” for electricity, which has been generated.

The complete transition to the PSO financial model will allow SE “NNEGC Energoatom” to more effectively manage its own sales portfolio and increase the revenue part, which will be directed, among other other activities, to compensation of feed-in tariffs. Accordingly, this will contribute to solving the problem of debt for companies that apply feed-in tariff, as well as the formation of realistic market prices for electricity.

#### 3.1.4

##### Solve the problem of accumulated debts at the electricity and natural gas market

Despite the fact that the Law of Ukraine No. 719 "On measures aimed at repaying debts formed in the wholesale electricity market" is in force, it settles only debts formed before the introduction of a new model of the electricity market. At the same time, in the new model, debts to NNEGC "Energoatom" (UAH 7.8 billion) and companies that work under feed-in tariffs (UAH 25.1 billion) have reached the scale that threaten the sustainable functioning of the Ukrainian Energy System. A similar situation is observed in the natural gas market, as only the debt of companies to NAK Naftogaz amounts to UAH 83.5 billion.

The solution of this issue is important evidence of the sustainability and reliability of the Ukrainian energy markets for existing and potential international investors.

3.1.1
2022
MEU
Parliament, NEURC
High
High



# I. Operational Action Plan

## 3. Energy



### 3.1. Unlocking sectoral potential

3.1.5

#### Set electricity tariffs for households at an economically reasonable level

#### Reasoning

Prices for industrial enterprises should be lower compared to households due to higher consumption volumes (fixed costs are redistributed to a larger volume), a more stable consumption schedule (lower balancing costs and more long-term contracts in the portfolio), the ability to work on prepayments (for upfront payments, suppliers provide additional discounts), connection to high-voltage networks, which results in decrease of transmission and distribution costs. In addition, prices for households should be higher than for industrial enterprises due to the following reasons: higher fixed costs for maintaining the customer base of households; most consumption occurs during peak hours, when prices in spot markets are the highest; higher levels of debt are offset by higher prices for all consumers. At the same time, in Ukraine, electricity tariffs for the population are fixed at 1.68 UAH/kWh, which is much lower compared with prices for industrial consumers and lower than the economically justified level.

#### Impact on / Importance for Investments Attraction

Shifting prices for households to the market level will 1) increase the competitiveness of the domestic economy as a whole both at the local and international markets (due to a decrease in the cost of goods produced), 2) contribute to the implementation of energy-efficient measures (including additional demand for updating household appliances with better electricity consumption characteristics) and 3) promote the formation of effective pricing and investment signals at the electricity market.

#### Ref. to Legal Plan

#### Targeted Deadline (Year)

2022

#### Responsible Public Body

NEURC

#### Involved Stakeholders

CMU, MEU, Parliament, President's Office

#### Level of Importance

High

#### Level of Complexity of the Action

High

# I. Operational Action Plan

## 3. Energy



### 3.1. Unlocking sectoral potential

#### 3.1.6

#### Facilitate the formation of flexible and rational balance of maneuverable capacity

#### Reasoning

Most of the existing generating capacities (including NPPs and TPPs) were designed to work in the baseload mode. The rapid growth of solar power plants and wind farms during 2018-2020 has led to the timing imbalance between peak demand and renewable energy production, so-called duck curve. Therefore, the transmission system operator (TSO) does not have sufficient fast and flexible reserves to balance the load schedule. Moreover, there were situations when the TSO was forced to limit the production of electricity of generators using RES in order to ensure sustainable and reliable operation of the UES. However, according to the current legislation, such restrictions must be fully compensated, which leads to a situation when the consumer pays for volumes that wasn't used. To avoid such situations, it is necessary to provide state support in accordance with Article 29 of the Law of Ukraine "On the Electricity Market" and the Resolution of the Cabinet of Ministers of Ukraine No. 677 "On Approval of the Procedure for Conducting a Competition for the Construction of Generating Capacity and Implementation of Demand Management Measures" for the construction of new maneuverable capacities (peaking stations and energy storages).

#### Impact on / Importance for Investments Attraction

Construction of new maneuverable capacities will prevent situations when consumers pay for the volumes of electricity that have not been used. Moreover, potentially it will reduce the cost of balancing the system and, as a result, lead to a decrease of electricity prices, which is an important enabler in attracting FDI to other sectors of the economy.

Ref. to Legal Plan	3.1.3
Targeted Deadline (Year)	2022-2025
Responsible Public Body	MEU
Involved Stakeholders	NPC "Ukrenergo", NEURC, CMU
Level of Importance	High
Level of Complexity of the Action	High

# I. Operational Action Plan

## 3. Energy



### 3.1. Unlocking sectoral potential

#### Reasoning

#### Impact on / Importance for Investments Attraction

#### Ref. to Legal Plan

Targeted Deadline (Year)

Responsible Public Body

Involved Stakeholders

Level of Importance

Level of Complexity of the Action

#### 3.1.7

##### Increase the liquidity and transparency of natural gas market in Ukraine

Pricing in the natural gas market is based on European benchmarks, although Ukraine has enough internal resources to form its own local indices. To increase liquidity and form effective market prices for natural gas, it is advisable to consider the introduction of gas release programs to stimulate the sale of gas through the exchange (for example, UEEX). One of such mechanisms may imply mandatory sale of a part of the extracted gas by all E&P companies through the exchange (similar to the mechanism in the electricity market, according to which the NEURC has the right to oblige generating companies to sell a certain share of electricity produced through the day-ahead market).

The implementation of gas release programs of stimulating the sale of natural gas through the exchange (for example, through the regulator's right to establish a mandatory percentage of gas sales) will increase liquidity and form effective market prices for natural gas, which is a lead-up for attracting investments in gas production.

#### 3.1.8

##### Resolve the issue of unauthorized gas off-takes and unpaid imbalances

Since the introduction of the competitive natural gas market, JSC Ukrtransgaz has accumulated UAH 44 billion of debts for unpaid imbalances. After unbundling of an independent and certified system operator LLC Gas TSO of Ukraine, customers of transportation services have already owed more than UAH 1.35 billion to the operator. This inherent problem must be solved: a) before the introduction of neutrality charge in order to avoid the transfer of debts to companies that faithfully adhere to payment discipline; b) until the completion of the contract for the transit of natural gas from Russia through the territory of Ukraine, which is currently the only source of coverage of losses of LLC Gas TSO of Ukraine.

Resolving the issue of unauthorized off-takes and unpaid imbalances, as well as ensuring the financial stability of the independent operator LLC Gas TSO of Ukraine is important to complete the process of establishing a sustainable and reliable natural gas market in Ukraine.

2021

NEURC

MEU, Parliament,  
President's Office, CMU

High

Mid



A photograph of a sailboat on the water during sunset. The sun is low on the horizon, casting a warm glow across the sky and reflecting on the water. The sailboat's white sail is visible, and the boat's deck and rigging are in the foreground. The text "Operational Plan: Digital Infrastructure" is overlaid on the left side of the image.

# Operational Plan: Digital Infrastructure

# I. Operational Action Plan

## 4. Digital Infrastructure



### 4.1. Unlocking sectoral potential

#### Reasoning

#### Impact on / Importance for Investments Attraction

#### Ref. to Legal Plan

#### Targeted Deadline (Year)

#### Responsible Public Body

#### Involved Stakeholders

#### Level of Importance

#### Level of Complexity of the Action

#### 4.1.1

##### Adoption of the National Concept of Digital Transformation of Ukraine

The document should include the concepts of development of digital infrastructure and digital services (covering the long-term vision, key values and principles which define the direction of digital transformation development, essential milestones for 10-30-50 years ahead). It would identify major long-term priorities which should direct investment flows generated by the Government, international organizations and business environment

As a result, the Concept would define and prioritize which areas of digital infrastructure and digital services should be aimed to develop in the National, regional and sectoral digital strategies and implementation plans

2021

MDT

CMU, Parliament

High

High

#### 4.1.2

##### Development of the National Strategy of Digital Transformation

The Strategy should be developed based on the agreed National Concept of Digital Transformation, with the following structure:

1. Establishment of digital transformation targets on the 3-5-10 years horizon
2. Definition of key criteria to measure the successful achievement of the defined targets, main KPIs
3. Profiling of the digital transformation potential across sectors of economy to describe the target digital ecosystem for Ukraine
4. Prioritization of the initiatives to reach the target state of digital transformation
5. Evaluation of the amounts and sources of financing the digital transformation initiatives
6. Development of the digital transformation portfolio of programs to define adequate resource allocation in accordance with the confirmed targets and conceptual values / principles
7. Development of the digital transformation roadmap to implement the desired state of digital infrastructure and services within the targeted timeline
8. Evaluation of risks, setting up the governance and change management controls and procedures
9. Development of the digital transformation plan of communications

The adopted National Strategy of Digital Transformation would establish a portfolio of investment projects, approaches to financing and resource allocation for implementation. These factors would allow investors in the digital sector and the enabled industrial sectors coordinate their investment planning with the long-term digital transformation priorities of Ukraine

Prerequisite: 4.1.1. National Concept of Digital Transformation

2022

MDT

CMU, relevant Ministries, Parliament

High

High



# I. Operational Action Plan

## 4. Digital Infrastructure



### 4.1. Unlocking sectoral potential

Reasoning

Impact on / Importance for Investments Attraction

Ref. to Legal Plan

Targeted Deadline (Year)

Responsible Public Body

Involved Stakeholders

Level of Importance

Level of Complexity of the Action

#### 4.1.3

##### Sectoral Digital Transformation Strategies

Sectoral digital transformation strategies should be developed and aligned based on the National Strategy of Digital Transformation - in the structure similar to Activity 4.1.2.

It is important to include here the coordination and collaboration of other sectors' digital initiatives which are universal to a few sectors or depend on unified data sources like generic (national/international) electronic registers.

The adopted sectoral digital strategies would outline the sector-specific digital transformation initiatives with prioritization, financing and resource allocation plans, cost-benefit analysis

Prerequisite: 4.1.2. National Strategy of Digital Transformation

2022

Respective Ministries, with support of the MDT and industrial / business associations

CMU, MDT

High

High

#### 4.1.4

##### Regional Digital Transformation Strategies

Regional digital transformation strategies should be developed and aligned based on the National Strategy of Digital Transformation - in the structure similar to Activity 4.1.2. There should be analyzed regional current state of digital development, region-specific opportunities, strengths and industrial specialization.

The adopted regional digital transformation strategies would prioritize regional-specific initiatives with financing and resource allocation plans, cost-benefit analysis. The sharing / clustering of inter-regional initiatives needs to be analyzed for resource optimization. The outcomes of this activity would provide to potential investors with regions rating according to specializations within sectors, digital capabilities, including supply of talent with relevant digital skills.

Prerequisite: 4.1.2. National Strategy of Digital Transformation

2022

Respective Ministries, with support of the MDT and industrial / business associations

CMU, MDT

High

High

# I. Operational Action Plan

## 4. Digital Infrastructure



### 4.1. Unlocking sectoral potential

#### 4.1.5

#### Development and monitoring of implementation of the EU Digital Single Market integration roadmap

#### Reasoning

Development and monitoring of implementation of the EU Digital Single Market integration roadmap, in accordance with the National Strategy of Digital Transformation and the EU-Ukraine Association Agreement.

In the current situation, the monitoring is available according to the EU-Ukraine Association Agreement, driving conformity to the digital priorities and standards of the European Union -- but without reference to the targets, priorities and interests of digital transformation of Ukraine, including potential digital developments with other global actors.

As outlined by the EU, the Digital Single Market is aimed to provide benefits for all Europeans who can monitor achievements in the areas of digital culture, future, life, trust, shopping, and connectivity. Ukraine is cooperating profoundly with the EU in the implementation of the Association Agreement, including the updated Annex XVII-3 in the digital sector. The success of implementation in the digital transformation of Ukraine was recently mentioned in the EU-Ukraine summit held in Q4 2020. This supports the integration, collaboration and interoperability between information systems of the EU and Ukraine, and this opens up capabilities for FDI in Ukraine in digital infrastructure and digital services.

#### Impact on / Importance for Investments Attraction

According to the recent estimates, the cumulative effect of digital transformation on the Ukrainian GDP may range between 3.1 to 15.6 billion EUR of additional growth during the EU accession period. In addition to the Ukraine-EU export and import increase, the digital positive effect can be seen in lifting trade barriers, increasing the speed of trade transactions and improving the efficiency of operations and quality of services.

#### Ref. to Legal Plan

Targeted Deadline (Year) 2022

Responsible Public Body MDT

Involved Stakeholders CMU, MEA

Level of Importance High

Level of Complexity of the Action Mid



# I. Operational Action Plan

## 4. Digital Infrastructure



### 4.1. Unlocking sectoral potential

#### 4.1.6

#### Digital standards developed in alignment with international standards. Adoption of the implementation roadmap

#### Reasoning

The digital transformation trends should be followed on the global and regional scales, as Ukraine is integrated into global value chains. Alignment with internationally accepted principles, best practices and standards is crucial in this respect, to allure foreign investment and further integration in international digital community.

The implementation of digital standards and approaches would include (but should not be limited to the following items):

- regional roaming agreement implementation and monitoring,
- re-farming of frequencies for harmonized development of 4G-5G networks,
- implementation of internationally aligned cybersecurity standards,
- adoption and implementation of the digital competences framework,
- integration with international standards and best practices for e-Trade development
- implementation of ISO 20022 standard for payments infrastructure of Ukraine et al.

#### Impact on / Importance for Investments Attraction

The implementation of digital infrastructure and services standards will enable FDI inflow through creation of interoperable environment of transparent processes, data exchange, secure financial transactions, smooth trade and manufacturing value chains, optimized performance of organizations, digitally skilled labor well-supported by relevant technologies and services

#### Ref. to Legal Plan

#### Targeted Deadline (Year)

2022

#### Responsible Public Body

MDT

#### Involved Stakeholders

MEA, NCCIR, MSE, MIU

#### Level of Importance

High

#### Level of Complexity of the Action

High

# I. Operational Action Plan

## 4. Digital Infrastructure



### 4.1. Unlocking sectoral potential

#### 4.1.7

#### Development of the National and Sectoral Concepts of digital architecture

#### Reasoning

Based on the Concept and the Strategy of Digital Transformation, the digital architecture should describe the following aspects of digital transformation of Ukraine:

- Areas of digital transformation and infrastructure solutions in accordance with the governance, operational and supporting processes on the national and sectoral levels
- Users and user interfaces to be supported in the target digital architecture
- Applications architecture, covering the conceptual model, principles of interoperability, performance optimization approaches
- Data architecture, covering data structure, controls, systems, data quality and accessibility, storage and usage for exchange and reporting, data security and privacy
- Infrastructure architecture, covering the conceptual model of infrastructure, networks and technologies, the model of assets management, including the facilities, hardware, communications, assets of end users, virtual assets and cloud infrastructure
- Security architecture, covering the conceptual models of authentication and authorization, principles of access control, reliability, compliance to standards and regulations, confidentiality
- Outlines of target operating models of information systems and supporting infrastructures
- Implementation plans including estimation and allocation of resources

#### Impact on / Importance for Investments Attraction

The digital architecture will provide the investors a clear vision for the structures of information systems, processes supported by technologies, infrastructure and services. This will enable transparency and long-term plans where the prioritized investment projects should be launched, how they are meant to be financed and developed.

#### Ref. to Legal Plan

Prerequisite: 4.1.2. National Strategy of Digital Transformation

#### Targeted Deadline (Year)

2022

#### Responsible Public Body

MDT with support from respective Ministries

#### Involved Stakeholders

CMU

#### Level of Importance

High

#### Level of Complexity of the Action

High

# I. Operational Action Plan

## 4. Digital Infrastructure



### 4.1. Unlocking sectoral potential

#### 4.1.8

##### Development and implementation of the National Strategy for fixed and mobile broadband infrastructure

The strategy development is to be based on the Draft Concept of the National Broadband Infrastructure (prepared by the Ministry of Digital Transformation). It should include the selection of infrastructure types, investment model, business operation model, tools of financing; setting targets and timelines of reassignment of frequencies for 5G mobile internet; strategic planning and mapping of fixed cable corridors for fixed broadband internet; high-level network design and master planning for broadband access with key infrastructure elements and nodes like critical infrastructure points and networks, public institutions, schools and universities, healthcare institutions, business parks, shopping centers, multi-dwelling units and houses, industrial and business centers.

The broadband strategy will enable investors with long-term priorities, estimated scopes of required investment in specific types of infrastructure, technologies. The implementation roadmaps, coverage increase plans and target network designs will increase transparency in regional targets and priorities, and will attract region-specific and industry-specific investments

#### Reasoning

#### Impact on / Importance for Investments Attraction

Ref. to Legal Plan

4.3

Targeted Deadline (Year)

2023

Responsible Public Body

MDT, NCCIR

Involved Stakeholders

MDT

Level of Importance

Mid

Level of Complexity of the Action

Mid

#### 4.1.9

##### Integration into global value chains

The initiative is aimed to realize the Industry 4.0 potential:

- integration into pan-European and European-Asian digital transport corridors;
- implementation of resilient supply chain processes and digital technologies to optimize the supply network, financing and logistics for international and local transfer of goods and services;
- implementation of Smart Factory technologies to improve performance in traditional manufacturing industries;
- deployment of digital twins to enhance advanced manufacturing technologies;
- implementation of intelligent automation (artificial intelligence, machine learning, robotic process automation) in the customer relationship and analytics processes

The implementation of this initiative will allow Ukraine to increase the export potential of deep-tech integration with the EU, US, Asian markets. The economies of scale for mass markets, digital customization opportunities for specialized markets, and the efficiency improvement in digital operations will attract investments from global players (looking to regionalize supply chains) and from local players looking to enter new global markets.

2023

Mineconomy

MDT

Mid

Mid

# I. Operational Action Plan

## 4. Digital Infrastructure



### 4.1. Unlocking sectoral potential

#### Reasoning

#### Impact on / Importance for Investments Attraction

Ref. to Legal Plan

Targeted Deadline (Year)

Responsible Public Body

Involved Stakeholders

Level of Importance

Level of Complexity of the Action

4.1.10

Development and implementation of the cloud services and cloud infrastructure strategy

The cloud strategy should be aligned with the National and sectoral digital transformation strategies

The cloud strategy will lay out a foundation for large international cloud providers to assess investment in Ukraine, given the potential in the announced development of digital public services, virtual assets, pace of development of electronic payments and e-trade, integration of Ukraine in global value chains.

4.6

2023

MDT

MDT

Mid

Mid

4.1.11

Development, piloting and implementation of the Smart Cities strategy

It should include the specialization of services for cities and regions, digital architecture of smart city services and infrastructure, including broadband infrastructure; prioritization of smart city services implementation, strategy for financing the smart city concept implementation, resource allocation, roadmapping for implementation of smart city initiatives.

In addition to the regional development of broadband and cloud infrastructure and services, the Smart City strategy will enable the increase of investment in regional infrastructure and energy networks, development of digital skills institutions and scientific laboratories, digital innovation hubs, industrial parks, advanced manufacturing facilities

2023

MCTDU, Mineconomy

MDT

Mid

Mid

4.1.12

Incentivization and simplification of establishment of Industrial parks

This initiative is aimed to strengthen the links between universities, research institutes, industrial enterprises and businesses -- to increase the speed and scale of digital technologies from the phase of invention through rapid deployment into the stage of commercial use.

The investors would benefit by the opportunity to create balanced diversified portfolios of digital innovations, clusterization of resources and experience, access to highly educated talent, integration of innovations with industrial scaling of best-performing products, services, and applications

1.4

2023

Mineconomy, MSE

MDT

Mid

Mid



# I. Operational Action Plan

## 4. Digital Infrastructure



### 4.1. Unlocking sectoral potential

#### Reasoning

#### Impact on / Importance for Investments Attraction

#### Ref. to Legal Plan

#### Targeted Deadline (Year)

#### Responsible Public Body

#### Involved Stakeholders

#### Level of Importance

#### Level of Complexity of the Action

#### 4.1.13

#### Development and implementation of the national strategy of digital skills

This strategy implementation should be realized with a focus on the digital vocational education - to address the current gap in supply of modern businesses with highly skilled workers able to support digitally enhanced business processes.

The vocational education requires digital transformation push to re-build the skill sets of blue-collar workforce in the infrastructure and industrial sectors, improve performance and efficiency of operations, rebuild organization structures. The collaboration will create a virtual circle of investment of resources by government institutions (in policy-making), educational organizations (in skills standardization and teaching) and private businesses (as centers of talent attraction and professional development).

2023

MSE

MDT

Mid

Mid

#### 4.1.14

#### Development and implementation of the national strategy of digital social services

This initiative should be based on the concept of a national digital ID which should connect a variety of state registers allowing to establish the unique identity of a Ukrainian citizen; by linking the national digital ID with various public services.

The strategy will mainly establish a long-term set of priorities for digital transformation projects in the public sector, attract the investment in the consumer-oriented applications and services in industry-specific areas like agri-tech, health-tech, consumer-tech, smart city applications etc. The increased levels of interoperability based on unified IDs and data exchange standards will optimize operational cost of doing business.

4.1, 4.5

2023

MSP, MJU

MDT

Mid

Mid

#### 4.1.15

#### Implementation of e-Residence for digital innovations entrepreneurs

This concept will allow digital innovations entrepreneurs to enter Ukraine's business ecosystem in smooth way. By adopting related incentives in taxation, capital flow, IP rights protection, the Ukrainian government would establish Ukraine as the best-in-class country for innovation entrepreneurs.

Attraction of digital entrepreneurs would increase opportunities for growing the international reputation of Ukraine as an educated and vibrant community -- evolving into a tourist, business-friendly, innovation-driven country.

1.13, 4.6

2023

MEA

MDT, MJU, MoF

Mid

Mid

# I. Operational Action Plan

## 4. Digital Infrastructure



### 4.1. Unlocking sectoral potential

4.1.16

#### Development and implementation of electronic citizenship services

Reasoning

This initiative would allow citizens digital voting, digital literacy and information safety, understanding of digital privacy and security, cyberbullying and resilience to it, digital etiquette and communication, digital creativity and copyright, digital footprint and inheritance.

Impact on / Importance for Investments Attraction

In addition to more efficient realization of public services for citizens, it stimulates investment in digital education, creative arts and sports events, community development services, non-governmental organizations

Ref. to Legal Plan	4.1, 4.4
Targeted Deadline (Year)	2023
Responsible Public Body	MIA
Involved Stakeholders	MDT, MJU
Level of Importance	Mid
Level of Complexity of the Action	Mid

A photograph of a sailboat on the water during sunset. The sun is low on the horizon, casting a warm glow across the sky and water. The sailboat's mast and rigging are visible in the foreground, and the sail is partially unfurled. The water is dark with some white foam from the boat's wake.

# Operational Plan: Advanced Manufacturing



# 1. Operational Action Plan

## 5. Advanced Manufacturing



### 5.1. Unlocking sectoral potential

#### Reasoning

#### Impact on / Importance for Investments Attraction

#### Ref. to Legal Plan

#### Targeted Deadline (Year)

#### Responsible Public Body

#### Involved Stakeholders

#### Level of Importance

#### Level of Complexity of the Action

#### 5.1.1

##### Complete customs reform

Current custom operational model anticipates delays and lack of effective and transparent customs control instruments. That affects the competition in local markets and consequently discourages investments in manufacturing of goods for both local and foreign customers. For instance - according to the market sounding reports (as of 2020), 19% of companies reported problems with imports in 2020; 8% with exports.

Customs reform will ease doing business oriented on integrating into highly dynamic global value chains and create a more FDI-friendly environment.

5.1

2022

SCS

MoF, CMU

Mid

Mid

#### 5.1.2

##### Solve the problem of Import and usage of aged and damaged cars

The Ukrainian market is one of the most promising markets in Europe. The passenger car park exceeded 8.5 million in 2020, but the automotive remains at a low level (232 cars per 1000 residents, as of January 1, 2020), the average age of the vehicles is 22.4 years (as of January 1, 2020). However, latest reduction of import duties as well as absence of regulatory barriers led to a significant filling of the market with used cars imported from the USA and Europe. At first, it helped to reduce the usage of old Soviet transport (average age of vehicle decreased), while now it makes Ukraine a junk yard near EU.

Economic stimulation of cars renewal (e.g., through loans programs, discounts on new cars purchase) as well as additional barriers for import and usage of aged cars may lead to additional advantages for locating car production in Ukraine.

5.4-5.5

2023

MIU

CMU, Parliament, President

Mid

Mid

#### 5.1.3

##### Provide a quick and affordable connection to the power grids

According to the Doing Business methodology, Ukraine possesses a very complicated and inefficient grid connection process at the level of distribution system operators. The country score for getting electricity sub-index is just 62.5/100 points (the average time for connection is 267 days). It is far below adjacent European markets.

An improvement in the current state of things should make the Advanced Manufacturing industry more attractive for potential foreign investors as fast and cheap connection to the grid as well as affordable electricity are crucial for advanced manufacturing considering its energy intensity.

2021

MDT

Mineconomy, MoF, MJU, CMU, Parliamentary Committee on Digital Transformation, Parliament, President

High / Mid ↓



# I. Operational Action Plan

## 5. Advanced Manufacturing



### 5.1. Unlocking sectoral potential

#### Reasoning

#### Impact on / Importance for Investments Attraction

#### 5.1.4

Execute the ACAA agreement for three priority sectors and further approximate legislation for other sectors

Goods made in Ukraine are subject to conformity assessment against the EU standards. This creates additional trade barriers for export to the EU.

This would allow trade of respective groups of Ukrainian products in EU internal market without additional testing and conformity assessment procedures based on recognition of Ukrainian products conformity assessments.

#### 5.1.5

Increase capacity of the Export Credit Agency (ECA)

Lack of an effective state institution capable of guaranteeing the rights of Ukrainian exporters discourages investments in manufacturing of goods for export.

The activities of this task are aimed at expanding the ECA's capacities to make it fully operational and to encourage export of local manufacturers and attract investments.

Ref. to Legal Plan

5.2

5.3

Targeted Deadline (Year)

2021

2021

Responsible Public Body

MIU

MIU

Involved Stakeholders

SCS, CMU, Parliamentary Committee on Finance, Tax and Customs Policy, Parliament, President

CMU, ECA, Parliament, President

Level of Importance

High

Mid

Level of Complexity of the Action

High

Mid

A photograph of a sailboat on the water during sunset. The sun is low on the horizon, casting a warm glow across the sky and reflecting on the water. The sailboat's white sail is visible, and the boat's deck and rigging are in the foreground. The text "Operational Plan: High Value Agriculture" is overlaid on the left side of the image.

# Operational Plan: High Value Agriculture

# I. Operational Action Plan

## 6. High Value Agriculture



### 6.1. Unlocking sectoral potential

#### Reasoning

#### Impact on / Importance for Investments Attraction

Ref. to Legal Plan	6.1-6.5
Targeted Deadline (Year)	2024
Responsible Public Body	CMU
Involved Stakeholders	MAPF
Level of Importance	High
Level of Complexity of the Action	High

#### 6.1.1

##### Creation of favorable conditions for foreign investments into agricultural land

Land is a key factor in agricultural production, especially in crop production. The inability to own a key factor of production, especially (in case of foreign investors) in another country, constrains potential foreign investments in the sector and disincentivizes responsible usage of the land. Furthermore, the land market liberalization approach to be implemented starting from 2024 still precludes foreign investors from owning the land - leading to major constraints of them owning shares - even as co-investors - in Ukrainian agri businesses which will own land. This is a severe limitation preventing any systemic FDI growth in the sector as a whole and high-value segments in particular.

The launch of the agricultural land market and, after the end of the transition period, provision of access of foreign investors to it, will significantly increase FDI potential of agriculture sphere in Ukraine: both through direct purchases of land, co-investments into vertically integrated Ukrainian agri businesses owning land, usage of land as highly liquid collateral for sources of loan finance and an asset that may be contributed in-kind to authorized capital of new ventures.

#### 6.1.2

##### Development and implementation of an affordable and effective agricultural weather risk insurance system

Due to the climate change, droughts and other extreme weather conditions are now commonplace throughout Ukraine. In terms of agriculture, weather risk refers to exogenous risks that significantly reduce predictability of the results of the agricultural activities. One of the possible methods of weather risk management is to implement a system of insurance of such risks. Insurance companies in Ukraine offer insurance products to insure weather risks, but due to the high cost of these products, the demand for them is insignificant. In turn, low demand (and low risk diversification) leads to increased risks of insurance cases for insurance companies, forcing them to increase the amount of insurance premiums.

Development and implementation of an affordable and effective agricultural weather risk insurance system will reduce the level of uncertainty for foreign investors in HVA, thereby reducing the minimum required rate of return of projects in which they are willing to invest and, thus, expanding the range of such potential projects.

6.11
2021
NBU
CMU, MAPF
High
Mid



# I. Operational Action Plan

## 6. High Value Agriculture



### 6.1. Unlocking sectoral potential

#### Reasoning

#### Impact on / Importance for Investments Attraction

#### Ref. to Legal Plan

#### Targeted Deadline (Year)

#### Responsible Public Body

#### Involved Stakeholders

#### Level of Importance

#### Level of Complexity of the Action

#### 6.1.3

Implementation of phytosanitary and veterinary standards, as well as food safety standards that fully comply with EU standards

Full unification of national phytosanitary and veterinary standards, as well as food safety standards, is a positive step, as EU standards guarantee the highest quality and safety of food, which is critically important for consumers within Ukraine. In addition, as the course for EU membership is enshrined in the Constitution of Ukraine, sooner or later these standards will have to be transformed. Since a significant number of foreign investors in the HVA segment are familiar with the EU standards, Ukraine's compliance with these standards could reduce uncertainty and additional compliance costs for them when investing in Ukraine, increasing the attractiveness of such investments.

Reduction of costs of compliance with standards and regulations for investors, as well as simplified access to the EU market for Ukrainian HVA products will increase the attractiveness of the industry for foreign investments.

6.6, 6.9-6.10

2021-2025

SSUFSCP

CMU

High

Mid

#### 6.1.4

Rehabilitation and further development of the irrigation system in the south of Ukraine

The south of Ukraine is known as the zone of extreme agriculture, as due to constant droughts there is a high risk that agricultural crops will not be able to survive and bring yield. A Soviet era system of water channels and other hydrological structures connecting the Dnieper, Southern Bug and other rivers flowing in the region with arid areas fails to perform its core functions across most of the network. Rehabilitation and further development of the irrigation system in the southern regions of Ukraine can breathe new life into the region's agriculture.

Ensuring access to fresh water, which along with land is a critical resource for agriculture, will increase an attractiveness of the southern region of Ukraine for foreign investors in HVA, which is especially important given the warm climate in the region and the potentially significant experience of foreign investors in growing crops that need this type of climate.

6.1

2025

CMU

MAPF

High

High



# I. Operational Action Plan

## 6. High Value Agriculture



### 6.1. Unlocking sectoral potential

Reasoning

Impact on / Importance for Investments Attraction

Ref. to Legal Plan

Targeted Deadline (Year)

Responsible Public Body

Involved Stakeholders

Level of Importance

Level of Complexity of the Action

#### 6.1.5

Continuation of efforts to eliminate tariff and non-tariff barriers for the export of Ukrainian HVA products

Removing barriers for exports of Ukrainian HVA products increases the potential market size for such products, which in turn leads to increased attractiveness of investments in the industry.

The growth of the potential market for Ukrainian HVA products will lead to an increase in placement of the relevant production in Ukraine by potential investors.

Ongoing

MFA, MAPF

CMU

Mid

High

#### 6.1.6

Fostering infrastructure development for HVA (freezers and installations, laboratories, slaughterhouses, biological waste processing stations)

Infrastructure is the basis for the development of any industry. The existing infrastructure of the HVA segment does not meet modern needs and hinders the development of the industry, as most of the HVA products cannot be produced and stored if there is no such infrastructure.

Fostering HVA infrastructure development will make it possible for foreign investors to carry out activities in Ukraine that were not possible before due to the lack or underdevelopment of infrastructure.

Ongoing

CMU

SSUFSCP

High

Mid

#### 6.1.7

Fostering aquaculture development in Ukraine, with special emphasis on measures that will lead to increase of foreign investments in the sub-sector

Due to biological features (no need to maintain body temperature higher than ambient temperature), aquaculture is an extremely economical way to produce animal proteins. In addition, aquaculture farms can be built on several levels, reducing unproductive feed costs and increasing productivity. Given, on the one hand, the growing global demand for animal proteins and, on the other hand, the pressure on traditional commercial livestock farms due to the impact of global warming and depletion of resources, aquaculture has significant development potential.

Fostering aquaculture development in Ukraine will help attract foreign investment in a promising HVA sector, which has significant potential for growth of export and consumption within the country.

6.1, 6.7

Ongoing

CMU, MAPF

SSUFSCP

Mid

Mid

# I. Operational Action Plan

## 6. High Value Agriculture



### 6.1. Unlocking sectoral potential

#### Reasoning

#### Impact on / Importance for Investments Attraction

#### Ref. to Legal Plan

#### Targeted Deadline (Year)

#### Responsible Public Body

#### Involved Stakeholders

#### Level of Importance

#### Level of Complexity of the Action

#### 6.1.8

Fostering beekeeping development in Ukraine with special emphasis on measures that will lead to increase of foreign investments

Bees perform a critical function in agriculture by pollinating plants. Taking this into account, support of the beekeeping development will also have an overall positive impact on sustainable crop production in Ukraine. It is also worth noting that the global demand for honey is constantly growing, and Ukraine has a strong position in this dynamic market due to its high quality and reasonable price. Honey is an important product for the national food industry.

Fostering development of beekeeping in Ukraine will lead not only to attracting foreign investments in the industry, but also to a cumulative positive effect in other areas of HVA such as crop production and food industry.

6.8

Ongoing

CMU, MAPF

SSUFSCP

Mid

Mid

#### 6.1.9

Fostering organic agriculture development in Ukraine with special emphasis on measures that will lead to increase of foreign investments

Organic agriculture has one of the highest indexes of “added value” among the HVA sectors, so its development is relatively more economically advantageous compared to other branches of HVA. Ukraine has significant potential to attract foreign investments in organic agriculture, as regulation in the sector is harmonized with EU regulation (although not yet fully recognized by the EU), some players in the industry are active and successful in the global market, and land use cost (through the mechanism of leasing and, potentially, purchase), which is an important factor for organic agriculture, is low compared to neighboring countries.

Fostering organic agriculture development will lead to the attraction of investments into the sector that is simultaneously very dynamic globally and in which Ukraine already has a strong position and significant potential.

6.5

Ongoing

CMU, MAPF

SSUFSCP

Mid

Mid

#### 6.1.10

Fostering baby food sub-sector development in Ukraine with special emphasis on measures that will lead to increase of foreign investments

As the world's population grows, global demand for baby food will continue to grow. Ukraine has a competitive advantage in this market due to a robust price/quality ratio. In addition, as baby food has high quality standards, the “acquaintance” of foreign consumers with the Ukrainian food industry through baby food can pave the way for the international expansion of adult food producers, that will be perceived as high quality and safe from the outset.

Fostering baby food industry development will lead to an inflow of investments into the industry that exhibits very high long-term growth potential due to global demographic trends.

6.9-6.10

Ongoing

CMU, MAPF

SSUFSCP

Mid

Mid





## Stream 2: Legal Plan





# Legal Plan: Key Legal Barriers and Issues for FDI



## II. Legal Action Plan

### 1. Key Legal Barriers and Issues for FDI



#### Task Name

#### Possible Actions

#### Comments

#### Deadline (End of Activity)

#### Responsible Authority / Institution

#### Involved Key Stakeholders

#### Priority (1-5)

#### Level of Complexity of the Action

#### 1.1

##### Implement policy regarding long-term budget planning and state financial obligations

Finalize and adopt amendments to the Budget Code of Ukraine, other laws and CMU's regulations to enable long term budget obligations.

Legislative initiatives in the long-term budget commitments are currently focused on enabling the mechanism of availability payments under the PPP projects. The long-term budget obligations could be, however, relevant for other large investment projects, particularly those falling within the recently adopted "investment nanny" mechanism. The principles and policies on the long-term budget commitments relevant for different investment projects need to be clear and consistent for investors.

2021

CMU

Budgetary Parliament Committee,  
Parliament, President

5

Mid

#### 1.2

##### Develop and implement the policy aimed at limiting the discretion of banks in currency control procedures

1. Develop a detailed concept of changes to the currency control legislation (with several potential options) based on detailed analysis of the discretion of banks in currency control procedures and banking practices.
2. Make a decision regarding specific changes to be made and specific laws and regulations to be amended.
3. Prepare amendments to the relevant laws and/or regulations.
4. Adopt amendments to the relevant laws and NBU regulations.

This task will require a political decision balancing public interest (stability of Ukrainian currency) against the interest of investors.

Options for legislative changes to consider:

- (i) Limit the right of the banks to require submitting additional documents not included into the list of documents for currency transactions.
- (ii) Determine terms for consideration of documents on currency transactions by the banks.

Respective changes to the Resolutions of NBU No. 8 dated 2 January 2019 may be necessary. Changes to the Law of Ukraine "On Currency and Currency Transactions" and other regulations may be considered as well.

2021

NBU

MoF, MJU, Mineconomy, MDT, SRS, CMU, Budget Parliament Committee,  
Parliament, President

4

High

## II. Legal Action Plan

### 1. Key Legal Barriers and Issues for FDI



#### Task Name

#### Possible Actions

#### Comments

#### Deadline (End of Activity)

#### Responsible Authority / Institution

#### Involved Key Stakeholders

#### Priority (1-5)

#### Level of Complexity of the Action

1.3

#### Adjust investment guarantees

1. Agree on the enforceable investment guarantees, which the state is actually ready to provide within the budget and political constraints (including stability of law and capital control guarantees).
2. Prepare amendments to the relevant FDI-specific laws (investment laws, PPP and concession laws, PSA law) and other dedicated laws and codes (Law of Ukraine "On Currency and Currency Transactions", the Budget Code of Ukraine, the Tax Code of Ukraine and the Customs Code of Ukraine).
3. Adopt respective legislative amendments.

The state guarantees for investors should be clear, consistent and enforceable. In cases where a guarantee is declared but is not practically enforced and the state is not actually ready to provide it, it is better for it to be removed from the laws altogether.

2021

Mineconomy, MoF, MJU

NBU, STS, MoF, State Customs Service of Ukraine, CMU, Budgetary Parliament Committee, Parliament, President

3

High

1.4

#### Develop and implement legislation to incentivize and simplify establishment of industrial parks

1. Agree on specific changes to be made and specific laws and/or regulations to be amended to boost industrial parks development by enforceable tax, customs and procedural guarantees that could be reasonably provided for investors.
2. Finalize and adopt the package of draft laws on industrial parks (tax incentives in the draft laws No. 3724 and No. 3725 dated 23 June 2020, No. 4416 dated 24 November 2020, and No. 4416-1 dated 10 December 2020).
3. Develop and adopt required subsidiary regulations.

This task will require a political decision balancing public interest (stability of the state budget income) against the interest of the investors (to receive tax exemptions and reimbursement of expenses).

Tax and customs incentives and compensation for investments are very important for investors. At the same time, further economic consequences of the proposed full CPT tax exemptions for several years or low VAT rates should be carefully studied from different perspectives so that to avoid creation of an "off-shore heaven" without tangible benefits for state economy.

2021

Mineconomy

MoF, MDT, MJU, SRS, State Customs Service of Ukraine, CMU, Parliamentary Committee on Finance, Tax and Customs Policy, President

5

High

## 1. Key Legal Barriers and Issues for FDI



Adopt subsidiary regulations that are needed to implement the Law on “investment nanny” mechanism

## Possible Actions

## Comments

### Deadline (End of Activity)

Responsible Authority / Institution

### Involved Key Stakeholders

Priority (1-5)

### Level of Complexity of the Action

National Strategy to Increase Foreign Direct Investment in Ukraine | Section 3: Action Plan | Page 49 of 100

## II. Legal Action Plan

### 1. Key Legal Barriers and Issues for FDI



#### Task Name

#### Possible Actions

#### Comments

#### Deadline (End of Activity)

#### Responsible Authority / Institution

#### Involved Key Stakeholders

#### Priority (1-5)

#### Level of Complexity of the Action

1.6

**Develop and implement dedicated legal framework for the capital and commodity markets**

1. Develop and adopt regulations needed for implementation of the Law of Ukraine "On Capital Market and Organized Commodity Markets".
2. Develop and agree on the concept of establishing an integrated centre for capital and commodity markets in Ukraine with advanced trading, clearing and settlement systems, liquidity, hedging instruments, and investor protection.
3. Make a decision regarding specific changes to be made and specific laws and/or regulations to be amended/developed.
4. Draft amendments to the relevant laws and regulations and develop the new ones (as may be required).

Consider including best international practices of structuring operational models of capital and commodity markets into the national laws (including multi-asset trading exchange, financial infrastructure holding, arbitration centre to solve disputes with foreign investors, etc.), allowing English as a second official language and IPOs of state-owned companies. These can attract FDI and do not require the long-standing initiatives like establishment of special economic zones or amendments to the Constitution of Ukraine.

2023

Mineconomy, NCSSM, NBU

MoF, MDT, MJU, SRS, CMU, Parliament, President

3

High

1.7

**Develop and implement the concept of public and public-private investment funds**

1. Develop and agree on detailed concept(s) of dedicated public investment fund(s) to create efficient mechanism to invest and manage state assets, including:
  - (i) national investment fund, which aims to manage state stakes (minority or majority), and
  - (ii) fund of funds, which operates with state and private investments to invest in other reliable venture funds.
2. Make a decision regarding specific changes to be made and specific laws and/or regulations to be amended/developed (including the Law of Ukraine "On Institutes of Collective Investment").
3. Draft amendments to the relevant laws and regulations and develop the new ones (as may be required).

Consider source of funding and operational goals. Each option of investment funds aims to solve specific issue and needs different mechanisms.

Strategy of the Financial Sector of Ukraine by 2025 (para. 2.4.4). IPO of state-owned shares as part of task 1.6 could be a prerequisite for carrying out the respective assignments of this task.

2021

Mineconomy

MoF, MDT, MJU, NCSSM, NBU, CMU, Parliament, President

2

High



## II. Legal Action Plan

### 1. Key Legal Barriers and Issues for FDI



#### Task Name

#### Possible Actions

#### Comments

#### Deadline (End of Activity)

#### Responsible Authority / Institution

#### Involved Key Stakeholders

#### Priority (1-5)

#### Level of Complexity of the Action

1.8

#### Improve antitrust regulations

1. Agree and decide on specific changes to be made and specific laws and/or regulations to be amended to simplify merger clearance procedure, increase efficiency of anti-competition investigations and dispute resolution.
2. Draft and adopt amendments to the Law of Ukraine "On Protection of Economic Competition" and respective regulations.
3. Finalize and adopt the Draft Law "On Amendments to Certain Laws of Ukraine on Competition and Antitrust Reform" No. 2730 dated 14 January 2020.

#### Issues to consider:

- (i) Decrease of merger clearance thresholds and/or providing for two-level system of merger clearance thresholds (for example, merger clearance before and after transactions subject to thresholds)
- (ii) Efficient legal mechanism to curtail cartels, transparently detect, investigate them and enforce their liability
- (iii) Dispute resolution in antitrust area by the special court institution
- (iv) Simplification of the merger procedure (e.g., reporting on the merger after the contract signing for certain types of transactions).

2021

AMCU

Mineconomy, MoF, NBU, SRS, MJU, CMU, Parliament  
Committee of Economic Development, Parliament, President

3

Mid

1.9

#### Adopt and implement legislative improvements in privatization

1. Finalize and adopt the package of draft laws aimed at further improvement of privatization procedures (No. 4572 - 4575 dated 4 January 2021).
2. Develop and adopt the relevant subsidiary regulations.

Possibility to transform the state enterprises into the limited liability companies for privatization purposes can attract investors.

2021

SPFU

Mineconomy, SRS, MDT CMU, Parliament Committee of Economic Development, Parliament, President

4

Mid

## II. Legal Action Plan

### 1. Key Legal Barriers and Issues for FDI



#### Task Name

#### Possible Actions

#### Comments

#### Deadline (End of Activity)

#### Responsible Authority / Institution

#### Involved Key Stakeholders

#### Priority (1-5)

#### Level of Complexity of the Action

1.10

#### Deregulate, simplify and further digitalize permit procedures

1. Develop and implement the detailed policy concept regarding further improvement of permit procedures to increase Ukraine's position in Doing Business rankings (taking into account smart deregulation, technical and financial resources).
2. Draft and adopt appropriate amendments to the Law of Ukraine "On Licensing of Business Activities", Law of Ukraine "On the Business Permit System", and other relevant changes to laws and regulations on permit procedures.

Issues to consider:

- (i) Eliminating duplication of data that is already reflected in the state registers
- (ii) Shortening the list of documents for obtaining permit documents
- (iii) Accepting the application documents in electronic format and issuing permits through the electronic service portal linked to the Unified State Register.

2021

Mineconomy

MoF, MDT, MJU, SRS, CMU, Parliament, President

2

High

1.11

#### Simplify the procedure for employment of foreign citizens under investment projects

1. Develop and implement the policy regarding provision of specific categories of foreign employees with a simplified employment permit procedure.
2. Decide on specific legislative changes to be made.
3. Develop and adopt amendments to the Law of Ukraine "On the Employment of Population" and respective subsidiary regulations.

This task will require a political decision balancing public interest (employment of Ukrainian citizens) against the interest of foreign investors (ease of doing business and free movement of human capital).

Issues to consider:

- (i) Extension the validity period for work permits and service cards
- (ii) Lifting the obligation to obtain the relevant permit documents in case of implementation of large investment projects
- (iii) Simplifying or lifting the work permit procedures for temporarily relocated employees.

2021

Mineconomy

MoF, MDT, MJU, SRS, CMU, Parliament, President

2

High

## II. Legal Action Plan

### 1. Key Legal Barriers and Issues for FDI



	1.12	1.13	1.14
<b>Task Name</b>	Shorten the terms for considering cases on recognition and enforcement of arbitral awards	Launch IP dispute resolution by the Higher Court of Intellectual Property	Develop and implement the policy regarding resolution of inconsistencies in legislation identified in the court practice
<b>Possible Actions</b>	<ol style="list-style-type: none"> <li>1. Agree and develop amendments to the Civil Procedural Code of Ukraine on shortened terms for considering cases on recognition and enforcement of arbitral awards in Ukraine.</li> <li>2. Adopt amendments to the Civil Procedural Code of Ukraine.</li> </ol>	<ol style="list-style-type: none"> <li>1. Complete the relevant selection procedures and appoint judges of the Higher Court of Intellectual Property of Ukraine.</li> </ol>	<ol style="list-style-type: none"> <li>1. Agree, develop and adopt amendments to the Law of Ukraine "On the Judiciary and the Status of Judges".</li> <li>2. Develop and adopt amendments to the Law of Ukraine "On the CMU" and Rules of Procedure of the CMU approved by Resolution of the CMU No. 950 dated 18 June 2007.</li> </ol>
<b>Comments</b>	<p>The enforcement procedure may be time-consuming due to the long time periods for considering the relevant application by the court (up to two months) and retracted appellate proceedings (up to two or more years).</p> <p>Proposed changes would allow to protect investor's rights more efficiently.</p>	<p>This is expected to enhance the efficiency of justice and consistency of court rulings regarding the protection of IP rights.</p>	<p>Consider establishing an obligation of the Supreme Court of Ukraine to notify the CMU of identified inconsistencies between laws/regulations as a result of court practice analysis and setting out respective obligations of the CMU to develop the appropriate legislative amendments following such notification.</p>
<b>Deadline (End of Activity)</b>	2021	2021	2021
<b>Responsible Authority / Institution</b>	MJU	High Qualification Commission of Judges of Ukraine	MJU
<b>Involved Key Stakeholders</b>	CMU, Parliament, President	President	CMU, Supreme Court of Ukraine, Parliament, President
<b>Priority (1-5)</b>	4	4	1
<b>Level of Complexity of the Action</b>	Mid	Mid	Mid

## II. Legal Action Plan

### 1. Key Legal Barriers and Issues for FDI



#### Task Name

#### Possible Actions

#### Comments

#### Deadline (End of Activity)

#### Responsible Authority / Institution

#### Involved Key Stakeholders

#### Priority (1-5)

#### Level of Complexity of the Action

1.15

#### Simplify access to the lease of state and municipal land plots

1. Develop and adopt amendments to the Land Code of Ukraine and Law of Ukraine "On Land Lease" concerning:
  - (i) Establishment of electronic auctions for state and municipal land lease
  - (ii) Obtaining land into lease without tender procedures in case of real estate privatization.
2. Finalize and adopt the Draft Law "On Amendments to the Laws Related to Control over State and Municipal Ownership or Other Rights (Leasing, Superficies, Emphyteusis) on Land Plots through Electronic Auctions" No. 2195 dated 1 October 2019 (was adopted in the first reading on 14 November 2019).
3. Develop and adopt necessary subsidiary regulations.

Shortened terms of the procedure for obtaining the land plots after privatization would make it possible to start business at the privatized object more efficiently.  
The procedure for formalizing rights to the land plot during privatization of real estate objects and shares needs to be streamlined accordingly and respective terms should be shortened.

2021

MCTDU

MoF, MDT, MJU, SRS, SPFU, StateGeoCadastre, CMU, Mineconomy, Parliamentary Committee on Economic Development, Parliament, President

3

Mid

1.16

#### Improve legal framework of LLCs

1. Develop and adopt amendments to the Law of Ukraine "On Limited Liability and Additional Liability Companies" concerning:
  - (i) Possible mechanisms of debt-to-equity swap and its further legalization in statutory documents and state registration
  - (ii) Clear grounds for exclusion of LLC participants
  - (iii) Application of foreign law to corporate agreements
  - (iv) Practical mechanism of electronic GPM minutes
  - (v) Calculation rule for the coefficient which will be applied in case of charter capital increase
  - (vi) Possibility to store corporate documents beyond the company's official address.

This task will require a political decision balancing public interest (employment of Ukrainian citizens) against the interest of foreign investors (ease of doing business and free movement of human capital).  
Issues to consider:  
(i) Extension the validity period for work permits and service cards  
(ii) Lifting the obligation to obtain the relevant permit documents in case of implementation of large investment projects  
(iii) Simplifying or lifting the work permit procedures for temporarily relocated employees.

2021

MJU

CMU, Parliament, President

2

Mid





# Legal Plan: Transport Infrastructure



# II. Legal Action Plan

## 2. Transport Infrastructure



### Task Name

#### 2.1. PPP in Transport Infrastructure

##### 2.1.1

Launch the mechanism of availability payments allowing to take the long-term budget commitments

1. Finalize the scope of investment projects for which the long-term budget planning and obligations need to be implemented.
2. Finalize and adopt amendments to the Budget Code of Ukraine, as well as to other relevant laws and subsidiary regulations.

### Possible Actions

Efficient mechanism of long-term budget planning and obligations is vital for unlocking availability payments under the PPP projects in infrastructure.

### Comments

Deadline (End of Activity)

2021

Responsible Authority / Institution

CMU

Involved Key Stakeholders

Mineconomy, MoF, MDT, MJU, Budgetary Parliament Committee, Parliament, President's Office

Priority (1-5)

5

Level of Complexity of the Action

Mid

##### 2.1.2

Remove limitations for PPPs in rail infrastructure

1. Develop and implement a detailed concept of attracting investments in railway transport and unlock the PPP mechanisms for attracting investments in railway modernization. Make a decision regarding specific changes to be made and specific laws and/or regulations to be amended, including necessary approximation with the EU acquis
2. Draft and adopt required changes to the Laws of Ukraine "On Concession" and "On Public-Private Partnership"
3. Finalize and adopt one the Draft Law "On Railway Transport of Ukraine" No. 1196-1 dated 6 September 2019.
4. Draft and adopt required subsidiary regulations.

This task will require a political decision balancing public interest (stability of railway transportation) against the interest of investors (access to railway markets). Issues to consider:

- (i) Ensuring access of private investors to the railway transport infrastructure on a non-discriminatory basis
- (ii) Define railway infrastructure that can be opened for PPP options
- (iii) Establishment of the National Transport Regulatory Commission in charge of carrying out the tariff policy and monitoring the railway transport market (linked to the activity 2.3.1 and adoption of the Draft Law "On the National Commission on Transport Regulation" No. 3927 dated 22 July 2020).

2021

CMU, MIU

MoF, Mineconomy, MDT, MJU, Parliamentary Committee on Transport and Infrastructure, Parliament, President

4

High

# II. Legal Action Plan

## 2. Transport Infrastructure



**Task Name**  
**2.1. PPP in Transport Infrastructure**

**Possible Actions**

**Comments**

**Deadline (End of Activity)**  
**Responsible Authority / Institution**  
**Involved Key Stakeholders**  
**Priority (1-5)**  
**Level of Complexity of the Action**

2.1.3	<p><b>Update the rules governing transition from certain arrangements to concession</b></p> <p>1. Further streamline the existing procedure for transition from lease to concession and add the rules for transfer from joint activity arrangements to concession.</p> <p>2. Draft amendments to the Law of Ukraine "On Concession".</p> <p>3. Adopt respective legislative amendments.</p>
	<p>1. Clarify and adopt the procedure for determining the traffic intensity on toll roads that were constructed under concession agreements (Article 43 of the Law of Ukraine "On Concessions").</p> <p>2. Draft and adopt amendments to the Law of Ukraine "On Motor Roads" on procedure for collecting payments on toll roads (including compliance with the provisions of Directive 2004/52/EC on the interoperability of electronic road toll systems).</p> <p>3. Develop and adopt the regulations for collecting payments on toll roads by CMU.</p>
	2021
	MIU
	Mineconomy, MoF, MDT, MJU, CMU, Parliament, President
	1
	High

2.1.4	<p><b>Develop and implement regulation on toll roads in concession</b></p> <p>The current rules for transition from lease to concession provided in the Law on Concession are quite complicated and have procedural flaws (e.g., there are inconsistencies/unclearities in the sequence of certain procedural stages and milestones, there are no separate rules for direct negotiation and signing procedure). These rules also do not allow for the possibility for converting joint activity into concession.</p> <p>The procedure for transition from lease or joint activity to concession is especially relevant for Ukrainian port industry, where such arrangements were implemented quite often. In certain cases the historical lease or joint activity arrangements in ports may not be fully transparent and efficient for the public stakeholders and other market players. Public stakeholders are advised to improve and further promote the mechanism for transition from such historical deals to concession.</p> <p>Activities of this task will establish the types of technologies for electronic toll systems to finance road infrastructure or to collect road usage fees.</p>
	2021
	MIU
	Mineconomy, MoF, MDT, MJU, CMU, Parliament, President
	3
	High

# II. Legal Action Plan

## 2. Transport Infrastructure



**Task Name**  
**2.2. Land issues in Transport Infrastructure**

**Possible Actions**

**Comments**

2.2.1

Clarify and align the functions of the relevant authorities with respect to transferring water fund lands into use

- 1. Develop respective amendments to the Water Code of Ukraine to ensure consistency in functions of the relevant authorities and fully introduce the concept of transferring the water fund lands provided by the Law of Ukraine "On Amendments to Laws of Ukraine with Respect to Specifying the Procedure for Transferring Water Fund Objects with the Land Plots".
- 2. Adopt amendments and subsidiary legislative amendments (in particular, Model Land Lease Agreement with Water Objects).

To start the building of hydrotechnical constructions at water objects in the seaports, the relevant entity should have a title to the land plot at the bottom of the water.  
Ukrainian law separates the land plot and the water object above such land plot as two separate objects (this issue will be partially solved by introduction of the model lease agreement on land use with water objects since 2 March 2021). The mandates of authorities involved in respective transfer procedures of the water fund lands under the law are not entirely clear and consistent:  
(i) Municipal councils or district/regional state administrations take decision on transferring the land plot into use under the general procedure (Articles 123 and 186-1 of the Land Code of Ukraine)  
(ii) The CMU is responsible for decisions on transferring the seaport water area into use (Article 14 of the Water Code of Ukraine).  
The correlation between the general land transfer procedure and the CMU’s mandate for transfer of seaport water areas is rather unclear.

Deadline (End of Activity)	2021
Responsible Authority / Institution	MIU, MCTDU
Involved Key Stakeholders	Mineconomy, MoF, MDT, MJU, StateGeoCadastre, CMU, Parliament, President
Priority (1-5)	3
Level of Complexity of the Action	Mid



# II. Legal Action Plan

## 2. Transport Infrastructure



### Task Name

#### 2.2. Land issues in Transport Infrastructure

#### 2.2.2

Simplify the procedure for buyout of land plots for construction of the transport infrastructure

### Possible Actions

1. Develop and agree on a detailed concept (with several potential options) of the procedure for buyout of land plots for construction of new transport infrastructure.
2. Draft and adopt amendments to the Land Code of Ukraine and Laws of Ukraine "On Alienation of Land Plots and Other Objects of Immovable Property Located on Them in Private Ownership for the Social Needs and on the Grounds of Public Necessity" and "On the Management of Town-Planning Activity",
3. Draft and adopt required changes to the regulation "On Town-Planning Procedures", approved by the Order of MCTDU No. 290 dated 16 November 2011.

### Comments

Issues to consider:

- (i) Simplify the rules which require obtaining multiple approvals from the land plot owner in case of voluntary buyout.
- (ii) Streamline the procedure for partial buyout of land plots and procedure for changing master layout plans.
- (iii) Revise the rules for obtaining prior approval for the object location from the land plot owner.
- (iv) Shorten the terms for considering cases on compulsory alienation of land plots for public necessity.

Deadline (End of Activity)

2021

Responsible Authority / Institution

MIU, MCTDU

Involved Key Stakeholders

SRS, StateGeoCadastre, CMU, Parliament, President

Priority (1-5)

4

Level of Complexity of the Action

High

# II. Legal Action Plan

## 2. Transport Infrastructure



### Task Name

#### 2.3. Other issues in Transport Infrastructure

### Possible Actions

### Comments

### Deadline (End of Activity)

### Responsible Authority / Institution

### Involved Key Stakeholders

### Priority (1-5)

### Level of Complexity of the Action

#### 2.3.1

#### Improve inefficient tariff system

1. Develop and agree the concept of transportation tariff regulation.
2. Finalize and adopt the Draft Law "On the National Commission on Transport Regulation" No. 3927 dated 22 July 2020 to establish a transport regulator for natural monopoly tariff.
3. Establish the National Commission on Transport Regulation.
4. Revise and amend the relevant tariff calculation methodologies.

#### Consider:

- (i) Establishment of a transport regulator for natural monopoly tariffs as a separate independent authority which will define tariffs for services of the transport monopolies and thresholds for transportation market tariffs, as well as license business in rail transportation.
- (ii) Implementing best international and industry practices in tariff-setting, where appropriate.

2022

MIU, CMU

Mineconomy, MoF, MDT, MJU, Parliamentary Committee on Transport and Infrastructure, Parliament, President

3

High

#### 2.3.2

#### Set up the Airport Development Fund and Railway Development Fund

1. Develop and agree on a detailed concept of the airport and railway development funds to ensure the sources of stable investments into the relevant infrastructure.
2. Draft amendments to the laws of Ukraine and respective subsidiary regulations and develop the new ones (as may be required).
3. Adopt respective legislative amendments.
4. Establish and launch the operations of the airport and railway development funds.

#### Issues to consider:

- (i) Governance and institutional viability (e.g., budget fund solution vs special purpose funding vehicle)
- (ii) Inflows and outflows (e.g., possible split of excise tax on fuel for airport development fund, channeling PPP/concession fees to the funds)
- (iii) Funds allocation principles (e.g., methodology, possible criteria and approach to selection of the relevant funding projects)
- (iv) Regulatory and policy matters (e.g., correlation with other funding programs and sector policies)

2022

MIU

MIU, Mineconomy, MoF, MDT, MJU, CMU, Parliament, President

4

High

## II. Legal Action Plan

### 2. Transport Infrastructure



#### Task Name

#### 2.3. Other issues in Transport Infrastructure

#### Possible Actions

#### Comments

#### Deadline (End of Activity)

#### Responsible Authority / Institution

#### Involved Key Stakeholders

#### Priority (1-5)

#### Level of Complexity of the Action

#### 2.3.3

Make legislative and institutional changes necessary for the full-scale launch and operation of the inland water transport market

1. Develop and adopt the subsidiary regulations that are required by the Law of Ukraine "On Inland Water Transport" (will come into force on 1 January 2022, with certain exceptions).
2. Set up the State Fund of Inland Waterways for management and financing of the public inland waterway transport infrastructure.
3. Develop and approve the strategy for development of inland water transport.

This task will require:

- (i) Alignment of the objectives of the State Fund of Inland Waterways with efficient spending of the state budget
- (ii) Clear and reasonable long-term budget obligations.

2022

CMU, MCTDU

MIU, USPA, Mineconomy, MoF, MDT, MJU, StateGeoCadastre

3

Mid

#### 2.3.4

Adopt legal framework for the multimodal transportation

1. Finalize and adopt the Draft Law "On Multimodal Transportation" No. 4258 dated 23 October 2020.
2. Develop and adopt required subsidiary regulations.

Consider:

- (i) Determination of responsibility of the multimodal transportation operator
- (ii) Promoting development of multimodal terminals through state support mechanisms
- (iii) Approximation with the EU Council Directive 92/106/EEC of 07.12.1992 on the establishment of common rules for certain types of combined transport of goods between Member States.

2022

MIU

Mineconomy, MoF, MDT, MJU, CMU, Parliamentary Committee on Transport and Infrastructure, Parliament, President

4

Mid

#### 2.3.5

Provide the mechanism for compensation of private investments in port infrastructure objects

1. Develop and approve the CMU's regulation on the procedure for reimbursement of private investments into the state-owned port infrastructure (in particular, hydrotechnical facilities) required by Articles 23 and 27 of the Law of Ukraine "On Seaports".

Consider:

- (i) Developing rules for making and compensating investments into port infrastructure going forward, and
- (ii) Developing procedure for compensating historical investments to ensure transfer of the relevant port assets to USPA so that they can be further developed

2022

MIU, CMU

USPA, Mineconomy, MoF, MDT, MJU, Parliament, President

1 / Mid ↓

## II. Legal Action Plan

### 2. Transport Infrastructure



#### Task Name

#### 2.3. Other issues in Transport Infrastructure

#### Possible Actions

#### Comments

#### Deadline (End of Activity)

#### Responsible Authority / Institution

#### Involved Key Stakeholders

#### Priority (1-5)

#### Level of Complexity of the Action

#### 2.3.6

Develop and approve the CMU procedure for application of FIDIC standards

1. Develop and approve the CMU regulation on the procedure for application of principles and conditions of the FIDIC standards.

Approval of the regulation will allow to implement principles of the FIDIC contract templates provide for involvement of an independent engineer into the projects related to construction, reconstruction or repair of the public roadways to ensure compliance with the relevant construction and industry standards.

2021

MIU

Mineconomy, MoF, MDT, MJU, SRS, CMU

1

Low

#### 2.3.7

Develop legislative rules for transshipment services provided by entities that do not have the status of seaport operators (stevedoring companies)

1. Develop and agree on a detailed concept of clear and equitable rules for governing the stevedoring business provided outside the territory of seaports.  
2. Draft amendments to the laws of Ukraine "On Sea Ports", "On Fishery, Industrial Fishing and Protection of Water Bioresources" and respective subsidiary regulations.  
3. Adopt respective legislative amendments.

The stevedoring business of fishing ports and shipyards is not specifically governed by the law and thus operates in a legal and regulatory vacuum. This is not efficient and transparent from regulatory, competition and general business perspective. The regulatory rules and requirements for the stevedoring business provided within and outside the territory of seaports by the respective market players need to be properly streamlined.

2021

MIU

CMU, Parliamentary Committee on Transport and Infrastructure, Parliament, President

1

Mid

#### 2.3.8

Approve the aviation rules for access to handling services market

1. Finalize and adopt the aviation rules for access to handling services market.

The Air Code of Ukraine provides that the aviation rules should set out the types of ground handling services and rules for carrying out such services. Development of the ground handling rules is also part of approximation of Ukraine's legislation with EU regulations (particularly, EU Directive 96/67/EC of 15 October 1996 on access to the ground handling market at Community).

2021

SAAU

MIU, Mineconomy, MoF, MDT, MJU, AMC

3

Mid



## II. Legal Action Plan

### 2. Transport Infrastructure



#### Task Name

#### 2.3. Other issues in Transport Infrastructure

2.3.9

#### Adopt and implement legal framework of Publicly Important Services

#### Possible Actions

1. Finalize and adopt the Draft Law "On Amendments to Certain Laws of Ukraine Concerning Publicly Important Services for Carriage of Passengers by Road and by Urban Electric Transport " No. 4583 dated 13 January 2021.
2. Develop and approve the procedure for determining publicly important passenger transportation services.

#### Comments

Procurement of publicly important passenger transport services through "Prozorro" will increase transparency and attractiveness for investors.

Deadline (End of Activity)

2021

Responsible Authority / Institution

MIU

Involved Key Stakeholders

Mineconomy, MoF, MDT, MJU, CMU, Parliamentary Committee on Transport and Infrastructure, Parliament, President

Priority (1-5)

2

Level of Complexity of the Action

Mid





# Legal Plan: Energy



## II. Legal Action Plan

### 3. Energy



#### Task Name 3.1. Power

#### Possible Actions

#### Comments

#### Deadline (End of Activity)

#### Responsible Authority / Institution

#### Involved Key Stakeholders

#### Priority (1-5)

#### Level of Complexity of the Action

#### 3.1.1

#### Clarify and implement the policy on renewable power and PSO

1. Develop and implement a detailed concept and policy regarding transfer from PSO to market model.
2. Make a decision regarding clear guarantees for investors in renewable power generation capacities.
3. Draft amendments to the relevant laws and/or regulations. Respective legislative amendments (Law of Ukraine "On Alternative Energy Sources" and Procedure for Holding Auctions for the Distribution of Support Quotas approved by Resolution of the CMU No. 1175 dated 27 December 2019 and subsidiary regulations) to streamline the procedure for setting support quotas for renewable energy sources (regarding terms of approvals and provision of comments) may be also considered.
4. Adopt amendments to the relevant laws and regulations.

Activities of this task will require a political decision balancing public interest (state and households) against the providers, as well as a political decision on the interests of investors and market participants regarding renewable power and balance of the state budget. Consider:

- (i) Development and communication of the transition plan from PSO to market model
- (ii) Settlement of debts under the power purchase agreements at feed-in tariffs
- (iii) Regaining investor's trust by introducing doable guarantees with clear possibility of their transparent application in the mid-term perspective
- (iv) Streamlining the quota establishment procedure.

2022

MEU

NEURC, CMU, Parliament, President

2

High

#### 3.1.2

#### Unlock the large-scale privatization of "Oblenergos"

1. Promulgate the Draft Law on amendments to the Law of Ukraine "On Privatization of State and Municipal Property" No. 4543 dated 24 December 2020 (was adopted by the Parliament on 30 March 2021).

"Oblenergo" assets can be attractive for investors considering the RAB-tariff.

2021

SPFU, Parliamentary Committee on Economic Development

Parliamentary Committee on Economic Development, Parliament, President

4

Mid

## II. Legal Action Plan

### 3. Energy



#### Task Name 3.1. Power

#### Possible Actions

#### Comments

#### 3.1.3

##### Establish energy storage regulation

1. Finalize and adopt the Draft Law "On Amendments to The Law of Ukraine "On Energy Market" (Regarding Energy Security, Energy System Balancing and Energy Accumulation)" No. 2582 dated 12 December 2019 to set out general rules relating to the energy storage technology and its operators, allowing its use in the balancing of the state energy market.
2. Develop and adopt respective subsidiary regulations.

Consider taking into account the comments of the Parliamentary Committee on the Draft Law regarding inconsistency with the EU Directive 2019/944 on common rules for the internal market for electricity.

Deadline (End of Activity)

2021

Responsible Authority / Institution

MEU

Involved Key Stakeholders

NEURC, CMU, Parliamentary Committee on Energy, Housing and Utilities Services, Parliament, President

Priority (1-5)

3

Level of Complexity of the Action

Mid

#### 3.1.4

##### Adopt the laws on unbundling of TSO

1. Finalize and adopt the Draft Law "On Amendments to Certain Laws of Ukraine in Connection with the Separation of Electricity Transmission Activities (on the Establishment of the ISO Separation Model)" No. 3267 dated 26 March 2020 and the Draft Law "On Amendments to Certain Laws of Ukraine (on the Settlement of Payments Crisis in the Electricity Market and the Certification of the TSO)" No. 3364-1 dated 30 April 2020 on unbundling of TSO in accordance with the ISO model of EU Directive 2009/72/EC.

This will create preconditions for acquiring a full membership in ENTSO-e, accessing the joint financing mechanisms, adopting the joint mechanism for compensation of costs from the cross-border transmission of electricity to the requirements of EU Regulation 838/2010, and for performing the international obligations of Ukraine, in particular those relating to the TSO certification.

2021

MEU

NEURC, CMU, Parliamentary Committee on Energy, Housing and Utilities Services, Parliament, President

3

High



## II. Legal Action Plan

### 3. Energy



#### Task Name 3.1. Power

#### Possible Actions

#### Comments

#### 3.1.5

#### Shorten the terms of tender procedure for generation capacity construction

1. Finalize and adopt the Draft Law No. 3657 dated 1 September 2020 on shortening the terms of tender procedure for generation capacity construction (amendments to the Law of Ukraine "On Electric Energy Market").
2. Develop and adopt required subsidiary regulations.

The relevant timeframes are reduced from 6 to 3 months upon publication of tender conditions.

#### 3.1.6

#### Simplify access to land plots under energy facilities

1. Finalize and adopt the Draft Law "On Amendments to Certain Legislation of Ukraine Regarding the Improvement of the Procedure for the Use of Land Plots under Energy Facilities".

Legislative changes provide for simplification of access to electricity facilities by reducing the timeframes for allocation of the land plots under such facilities and granting land easements.

#### Deadline (End of Activity)

2021

#### Responsible Authority / Institution

MEU

#### Involved Key Stakeholders

Parliament, MEU, Parliamentary Committee on Energy, Housing and Utilities Services, President, CMU, Mineconomy, MoF, MDT, MJU

#### Priority (1-5)

2

#### Level of Complexity of the Action

Mid

2021

MEU

MCTDU, StateGeoCadastre, CMU, Parliamentary Committee on Environmental Policy and Nature Management, Parliament, President

2

Mid

# II. Legal Action Plan

## 3. Energy



Task Name  
3.2. Natural Gas

Possible Actions

Comments

Deadline (End of Activity)  
Responsible Authority / Institution  
Involved Key Stakeholders  
Priority (1-5)  
Level of Complexity of the Action

3.2.1	<p>Streamline permit procedure for subsoil use to deal with “sleeping licenses” on subsoil use</p> <hr/> <p>1. Develop and agree on a detailed concept of permit procedure for subsoil use. 2. Draft amendments to the Code of Ukraine on Subsoil to simplify the procedure for cancelation of “sleeping licenses” on subsoil use by strengthening powers of the State Service for Geology and Subsoil of Ukraine and streamlining the relevant audit procedure. 3. Draft amendments to the Procedure for Conducting Auctions on Sale of Permits for Special Use of Subsoil to include a qualification and/or relevant experience requirements for potential subsoil users. 4. Finalize and approve the Draft Laws "On Amendments to Certain Laws of Ukraine regarding Support for Development of Domestic Subsoil Use Industries" No. 4187 dated 5 October 2020 and No. 4187-1 "On Amendments to Certain Laws of Ukraine on Simplification of Subsoil Use" dated 21 October 2020 to allow the transfer of permits on subsoil. 5. Develop and adopt required subsidiary regulations.</p> <hr/> <p>The Draft Laws No. 4187 and No. 4187-1: (i) Provide for creation of interactive map of minerals of Ukraine (ii) Ban investors from Russian Federation from subsoil use (iii) Stipulate that documents for tender should be submitted in electronic form only (iv) Abolish the procedure for approving the allocation of land by a local council (v) Allow alienation (including sale) of permits for subsoil use (transfer of permits on subsoil is common in Kazakhstan, Romania, and Poland) (vi) Amend the list of rights and obligations of a subsoil user and slightly change the grounds for termination and suspension of a permit. The procedure for permit cancelation is underregulated and time-consuming due to the lack of power of the State Service for Geology and Subsoil of Ukraine and lengthy court proceedings on the appeal of permit cancelation decisions. Such procedure is not always carried out on time due to the moratoriums on audits.</p> <hr/> <p>2021 MIU Mineconomy, MoF, MDT, MJU, CMU, Parliamentary Committee on Environmental Policy and Nature Management, Parliament, President 3 High</p>
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## II. Legal Action Plan

### 3. Energy



#### Task Name

#### 3.2. Natural Gas

#### Possible Actions

#### Comments

#### Deadline (End of Activity)

#### Responsible Authority / Institution

#### Involved Key Stakeholders

#### Priority (1-5)

#### Level of Complexity of the Action

#### 3.2.2

#### Adjust PSA guarantees

1. Agree on the enforceable PSA guarantees (which the state is actually ready to provide).
2. Develop amendments to the Law of Ukraine "On PSAs" and the Law of Ukraine "On Currency Control" to eliminate the inconsistencies in application of the PSA guarantees.
3. Adopt respective legislative amendments.

This task will require a political decision balancing public interest (efficient spending of the state budget) against the interest of investors (to be provided with clear reasonable guarantees).

While the extent of the guarantees provided is a sovereign decision of the state, in order to encourage investments in PSAs it is paramount that the guarantees that are provided by the law on paper are practically implemented (and those the government is not ready to provide are removed).

2021

MEU

NBU, MEU, CMU, Parliamentary Committee on Energy, Parliament, President

4

High

#### 3.2.3

#### Adopt EU standards of gas measurement

1. Finalize and adopt the Draft Law "On Amendments to Certain Laws of Ukraine Regarding Introduction of Gas Measurements in Energy Units at Natural Gas Market" No. 2553 dated 6 December 2019 (was adopted in the first reading on 16 June 2020) to introduce kW as a gas measurement unit to indicate the total calorific value of gas sold and transported.
2. Develop and adopt required subsidiary regulations.

Under the standards, consumers will pay not for the volume of gas consumed, but for the energy consumed, because gas differs in its chemical and physical characteristics.

2021

MEU

MEU, CMU, Parliamentary Committee on Energy, Parliament, President

1

Mid

## II. Legal Action Plan

### 3. Energy



#### Task Name

#### 3.2. Natural Gas

#### Possible Actions

#### Comments

#### Deadline (End of Activity)

#### Responsible Authority / Institution

#### Involved Key Stakeholders

#### Priority (1-5)

#### Level of Complexity of the Action

#### 3.2.4

#### Introduce the use of bank guarantees to ensure payment for natural gas transmission services

1. Finalize and adopt the Draft Law "On Amendments to the Law of Ukraine "On the Natural Gas Market" to Ensure Financial Stability in the Natural Gas Market" No. 3800 dated 6 July 2020 to envisage the possibility of using bank guarantees to ensure payment for natural gas transmission services and introduce the special bank accounts.
2. Develop and adopt required subsidiary regulations.

2021

MEU

Mineconomy, MoF, MDT, MJU, CMU, Parliamentary Committee on Energy, Housing and Utilities Services, Parliament, President,

2

Mid

#### 3.2.5

#### Develop and adopt the new Code of Ukraine on Subsoil

1. Finalize the concept of the new edition of the Code of Ukraine on Subsoil aimed at boosting development of extraction industry in Ukraine and eliminating the existing drawbacks in the area of subsoil use.
2. Finalize and adopt the new edition of the Code of Ukraine on Subsoil.
3. Develop and adopt required subsidiary regulations.

#### Possible key issues:

- (i) Implementation of EU Directive № 94/22 on the conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons
- (ii) Digitization of geological information and free access to it
- (iii) Provisions in respect of geological exploration of subsoil
- (iv) Changing the validity terms of permits for subsoil use
- (v) Transparent procedures for allocation of permits for subsoil use through auctions as well as separate non-auction procedures.

2021

MEU

Mineconomy, MoF, MDT, MJU, CMU, Parliamentary Committee on Energy, Housing and Utilities Services, Parliament, President

2

High





# Legal Plan: Digital Infrastructure



# II. Legal Action Plan

## 4. Digital Infrastructure



### Task Name

### Possible Actions

### Comments

### Deadline (End of Activity)

### Responsible Authority / Institution

### Involved Key Stakeholders

### Priority (1-5)

### Level of Complexity of the Action

#### 4.1

#### Adopt legal framework on cybersecurity

1. Develop and adopt the draft law on cybersecurity, primarily by implementing the relevant provisions of the EU Cybersecurity Act and the EU common cybersecurity certification rules to refine legal framework for cybersecurity (in particular, cyber protection of critical infrastructure objects) as well as General Data Protection Regulation.
2. Establish a national cybersecurity agency responsible for the policy shaping and pooling investment in cybersecurity research, technology and industrial development.

It is important for investors in digital sector to work under the adequate level of cyber protection and be sure that their data will not be stolen from the state information resources.  
To follow recent EU practice, creation of the national cybersecurity agency could contribute to development of cyber defense measures. Such agency will be in close cooperation with the EU-one thus achieving the required degree of approximation between the two legal regimes.

2021

MDT

CMU, Parliamentary Committee on Law Enforcement, Parliament, President

4

High

#### 4.2

#### Curtail powers of law enforcement bodies to interfere in IT business operations

Finalize and adopt the Draft Law "On Amendments to the Criminal Procedure Code of Ukraine and the Criminal Code of Ukraine (On Improving the Procedure for Applying Certain Measures to Ensure Criminal Proceedings)" No. 2740 dated 15 January 2020.

Issues to consider in the draft law to protect investors:  
(i) Limiting the seizure of devices or their components, as well as disruption of the operation of computers and other networks, if information is the object of criminal proceedings.  
(ii) Allow returning to the owner the material evidence without traces of a criminal offense, like devices which are used for work and the seizure of which may cause significant harm to their owner.

2021

MDT

CMU, Parliamentary Committee on Law Enforcement, Parliament, President

3

High

## II. Legal Action Plan

### 4. Digital Infrastructure



#### Task Name

#### Possible Actions

#### Comments

#### Deadline (End of Activity)

#### Responsible Authority / Institution

#### Involved Key Stakeholders

#### Priority (1-5)

#### Level of Complexity of the Action

4.3

#### Develop and adopt legal framework and incentives on broadband access to the Internet

1. Finalize and adopt the Draft Law "On Amendments to the Law of Ukraine "On Access to Construction, Transport, Electricity Facilities for Development of Telecommunication Networks" and Other Laws of Ukraine on Development of Telecommunication Networks" No. 4118 dated 18 September 2020 to simplify and clarify the legal mechanism for providing operators with access to the required infrastructure for expanding the broadband Internet network.
2. Finalize and adopt the National Broadband Strategy and Action Plan for implementing such strategy which identify specific steps and timeframes for widening the national broadband network.
3. Develop and adopt required subsidiary regulations to implement the Law of Ukraine "On Electronic Communications" (will come into force on 1 January 2022, with certain exceptions).

Issues to consider:

- (i) Definition for "broadband access to the Internet"
- (ii) Minimum speed of broadband access needs to be determined (for example, under OECD Broadband Subscriptions Criteria (2015) a minimum speed is at least 256 kbit/s), or a clear procedure for defining such speed should be developed, with appropriate standards ensuring efficiency of electronic services.
- (iii) Simplification of the legal mechanism for providing operators with access to the required infrastructure for expanding the broadband Internet network on the national level.

2021

MDT

Mineconomy, MoF, MJU, CMU, Parliamentary Committee on Digital Transformation, Parliament, President

2

Mid

4.4

#### Develop and implement the policy needed for integration with the EU Digital Agenda for Europe and EU Digital Single Market

1. Develop and adopt the detailed concept (from the legal and technical perspectives, interoperable with the EU standards) of the establishment of:
  - (i) Electronic identification of individuals and entities
  - (ii) e-CODEX (digitalization of justice that aims to facilitate access to justice, improve its overall efficiency, and ensure the resilience of justice systems), e-Invoicing, Single Digital Gateway and other EU digital initiatives (EU4Digital)
  - (iii) Standards of circulation of electronic documents.
2. Make a decision regarding specific changes to be made and specific laws and/or regulations to be amended.
3. Develop and adopt required laws and regulations.

This task will require a political decision balancing public interest (institutional structure of taxation and accounting rules) against the interest of foreign investors (to use systems they are used to operate). For the proper integration of Ukraine into the EU Digital Single Market, its rules for electronic documents and procedures should be in conformity with the EU legislation.

Ukraine needs to simplify the electronic authorization and implement globally accepted electronic signatures in private and public areas (including public procurement, business/investment processes and transactions).

2023

MDT

Mineconomy, MoF, MJU, CMU, Parliamentary Committee on Digital Transformation, Parliament, President

4

High

## II. Legal Action Plan

### 4. Digital Infrastructure



#### Task Name

#### Possible Actions

#### Comments

#### Deadline (End of Activity)

#### Responsible Authority / Institution

#### Involved Key Stakeholders

#### Priority (1-5)

#### Level of Complexity of the Action

4.5

#### Enforce interoperability (interconnection) between state registers

1. Finalize and adopt the Draft Law "On Public Electronic Registers" No. 2110 dated 10 September 2019 (adopted in the first reading on 31 October 2019) to set out the uniform rules on the system of electronic interoperability of state resources.
2. Develop and adopt required subsidiary regulations (in particular, list of classifiers, manuals, technical specifications, etc. mandatory for use in registers).
3. Ensure the technical support and financing for practical implementation of interoperability systems.

#### The Draft Law:

- (i) Establishes a single interoperable system of public electronic registers (the Registry of Registries) and the list of main registers
- (ii) Establishes uniform requirements for creation, maintenance and liquidation of registers
- (iii) Provides for using the interoperability system and has the rules for preventing duplication of data in the existing registries
- (iv) Ensures the right of citizens to have free access to information contained in the registers
- (v) Prohibits public authorities from requesting the overlapping data existing in several registries.

2021

MDT

Mineconomy, MoF, MJU, CMU, Parliamentary Committee on Digital Transformation, Parliament, President

3

Mid

4.6

#### Adopt legal framework for virtual assets and cloud services

1. Finalize and approve the Draft Law "On Virtual Assets" No. 3637 dated 11 June 2020 (was adopted in the first reading on 2 December 2020) to streamline regulation for the virtual assets market and its participants.
2. Finalize and approve the Draft Law "On Cloud Services" No. 2655 dated 20 December 2019 (was adopted in the first reading on 16 June 2020) to outline the legal basis for the provision of cloud services and determine the essential terms of the contract for the provision of cloud services.

2021

MDT

Parliamentary Committee on Digital Transformation, Parliament, President

2

High



## II. Legal Action Plan

### 4. Digital Infrastructure



#### Task Name

4.7

#### Incentivize development of IT industry

#### Possible Actions

1. Develop and implement sustainable state policy regarding tax incentives in IT industry in order to ensure the balance (which the state is actually ready to provide). Provisions of the following draft laws need to be agreed:
  - (i) Draft Law "On Amendments to the Tax Code of Ukraine on Specifics of Taxation of Subjects of the IT Industry" No. 3933 dated 23 July 2020
  - (ii) Alternative Draft Law "On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine (on Measures to Stimulate Development of IT Industry in Ukraine)" No. 3933-1 dated 10 August 2020
  - (iii) Draft Law "On Measures to Stimulate Development of IT Industry in Ukraine" No. 3979 dated 11 August 2020
  - (iv) Draft Law "On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine on Doing Business by E-Residents" No. 4240 dated 20 October 2020 to establish a new "E-resident" system"
  - (v) Draft Law "On Stimulating Development of the Digital Economy in Ukraine" No. 4303 dated 2 November 2020 to establish a special legal regime of Diia City.
2. Develop and adopt respective subsidiary regulations.

#### Comments

The relevant draft laws:

- (i) Introduce a special tax regime and determine tax incentives for IT companies (3979, 3933 / 3933-1)
- (ii) Establish special employments and business rules for Diia City residents and their status (4303)
- (iii) Introduce a new "E-resident" system in "DIIA Portal" allowing foreign individuals to register as a tax payer, entrepreneur and pay taxes in Ukraine remotely (4240)

At the same time, further economic consequences of the proposed tax incentives should be evaluated from different perspectives (including the budget balancing needs) so that to avoid setting unlimited guarantees for IT business without benefits for society as a whole. Please note that the Draft Laws No. 3979 and 4303 provides for stability-of-law guarantee for state support of IT companies for the 15-year period from the date of entry of the Draft Law into force. Considering the importance of this investment guarantee, it should be consistent, enforceable and properly aligned with all key dedicated laws in order to efficiently encourage investments.

#### Deadline (End of Activity)

2021

#### Responsible Authority / Institution

MIU

#### Involved Key Stakeholders

Mineconomy, MoF, MJU, CMU, Parliamentary Committee on Digital Transformation, Parliamentary Committee on Finance, Tax and Customs Policy, Parliament, President, MDT

#### Priority (1-5)

4

#### Level of Complexity of the Action

High





# Legal Plan: Advanced Manufacturing



## II. Legal Action Plan

### 5. Advanced Manufacturing



#### Task Name

#### Possible Actions

#### Comments

#### Deadline (End of Activity)

#### Responsible Authority / Institution

#### Involved Key Stakeholders

#### Priority (1-5)

#### Level of Complexity of the Action

5.1

**Develop and implement legislation to improve and digitalize the local customs control**

1. Launch the national electronic transit system (currently at the pilot stage).
2. Implement provisions of the Convention on a Common Transit Procedure in Ukrainian legislation and provide for Ukraine's accession to the new computerized transit system (NCTS).

The activities of this task aim to ensure formation of secure supply chains, simplify customs formalities for highly reputable companies and increase business efficiency.  
This activity is linked with the Export Strategy of Ukraine ("Road Map" of Strategic Trade Development) for 2017-2021 and Plan of Tasks and Measures for the Implementation of Export Strategy of Ukraine approved by Regulation of the CMU No. 1017-p dated 27 December 2017.

2022

MIU

CMU, State Customs Service of Ukraine, Parliament, President

3

Low

5.2

**Execute the ACAA agreement for three priority sectors and further approximate legislation for other sectors**

1. Execute the ACAA to establish 'industrial visa-free regime' in three priority sectors (low voltage equipment, electromagnetic equipment, machines and mechanisms).
2. Finalize and adopt the Draft Law No. 2477 dated 21 November 2019 (adopted in the first reading on 3 December 2020) to introduce the principle of voluntary application of international, national and industrial standards.
3. Develop and approve necessary technical regulations to initiate execution of ACAA in other sectors.

This would allow trade of respective groups of Ukrainian products in EU internal market without additional testing and conformity assessment procedures based on recognition of Ukrainian products conformity assessments.

2021

MIU

State Customs Service of Ukraine, CMU, Parliamentary Committee on Finance, Tax and Customs Policy, Parliament, President

5

High

## II. Legal Action Plan

### 5. Advanced Manufacturing



#### Task Name

#### Possible Actions

#### Comments

Deadline (End of Activity)

Responsible Authority / Institution

Involved Key Stakeholders

Priority (1-5)

Level of Complexity of the Action

5.3

#### Increase capacity of the Export Credit Agency (ECA)

1. Finalize and adopt the Draft Law "On Amendments to the Law of Ukraine on Ensuring a Large-Scale Expansion of Export of Goods (Works, Services) of Ukrainian Origin through Insurance, Guarantee and Cheaper Export Lending to Provide for Effective Functioning of Export Credit Agency" No. 3793 dated 3 July 2020 to expand the ECA's authority, increase its chartered capital and align certain provisions of the dedicated law on export support with other laws.
2. Appoint ECA's supervisory board (the contest was scheduled for 14 January 2021).
3. Develop and approve internal regulations or the provision ECA's services.

The activities of this task are aimed at expanding the ECA's capacities to make it fully operational and to encourage export of local manufacturers and attract investments.

2021

MIU

CMU, ECA, Parliament, President

2

Mid

5.4

#### Increase environmental requirements for import of second-hand vehicles

1. Decide and agree on the detailed concept of approximation of national safety requirements with current EU standards and apply such concept with reasonable equality to all vehicles that are placed on the market in Ukraine. Consider shortening timeframes for implementation of EURO-6 standards (was postponed until January 2025).

In order to uphold fair market competition and mitigate hazards, the dedicated legislation on E&S requirements for vehicles should be aligned with current EU standards and apply with reasonable equality to all vehicles that are placed on the market in Ukraine.

2023

MIU

CMU, Parliament, President

3

Mid



## II. Legal Action Plan

### 5. Advanced Manufacturing



#### Task Name

#### Possible Actions

#### Comments

#### Deadline (End of Activity)

#### Responsible Authority / Institution

#### Involved Key Stakeholders

#### Priority (1-5)

#### Level of Complexity of the Action

5.5

#### Incentivize local producers and customers to buy locally manufactured vehicles

1. Develop and implement a detailed concept of incentivizing local manufacturing and purchasing locally manufactured electric vehicles.
2. Decide on specific changes to be made, including finalization of the following draft laws:
  - (i) Draft Law on Amendments to the Tax Code of Ukraine and Certain Laws of Ukraine on Stimulating Development of the Electric Transport Sector in Ukraine No. 3476 dated 14 May 2020 (adopted in the first reading on 2 September 2020).
  - (ii) Draft Law on Amendments to the Customs Code of Ukraine to Stimulate Development of the Electric Transport Sector in Ukraine No. 3477 dated 14 May 2020 (adopted in the first reading on 2 Sept 2020).
  - (iii) Draft Law on Amendments to the Law of Ukraine "On Stimulating Development of Domestic Mechanical Engineering for the Argo-Industrial Complex to Stimulate Jobs in the Industry" No. 3804 dated 7 June 2020.
3. Develop and adopt required amendments to the Tax Code of Ukraine, other laws and subsidiary regulations.

Considering lower prices on imported second-hand cars and machinery it is reasonable to provide competitive market conditions for producers of local vehicles.

Tax and customs incentives introduced by the draft laws should be aligned with the detailed policy for reasonable provision of state support, tax discounts and temporary tax and customs exemptions.

2021

MIU

Mineconomy, MoF, MDT, MJU, State Customs Service of Ukraine, CMU, Parliamentary Committee on Finance, Tax and Customs Policy, Parliament, President

2

High

5.6

#### Improve protection of local manufacturers from dumped and subsidized import

1. Finalize and adopt the Draft Law "On Protection Against Dumped Import" No. 4132 dated 21 September 2020 and the Draft Law "On Protection Against Subsidized Imports" No. 4133 dated 21 September 2020.
2. Develop and adopt required subsidiary regulations.

Issues to consider: (i) Implementation of the mechanism for conducting the anti-dumping/anti-subsidy investigations and the mechanism for applying the anti-dumping measures based on such investigations  
 (ii) Implementation of the mechanism for collection of the anti-dumping/compensatory fines  
 (iii) Implementation of the principle of transparency of the anti-dumping/anti-subsidy investigation and its predictability for all stakeholders.


2021

Mineconomy

MoF, MDT, MJU, State Customs Service of Ukraine, CMU, Parliament, President

1





# Legal Plan: High Value Agriculture



## II. Legal Action Plan

### 6. High Value Agriculture



#### Task Name

6.1

**Develop and implement the policy regarding development, funding and access to irrigation system**

#### Possible Actions

1. Develop a detailed concept of investment in irrigation infrastructure (with several potential options), including bankable business and operational models of water user organizations (WUOs).
2. Outline specific amendments to be made in the Law of Ukraine "On Land Melioration", as well as other specific laws and/or regulations to be amended/developed.
3. Draft, adopt and implement the relevant legislative amendments.

#### Comments

- (i) Development of bankable business and operational model for WUOs (including the concept of their access to the relevant irrigation infrastructure and financing mechanisms)
- (ii) Development of the relevant legislative framework for WUOs tailored to their business and operational model
- (iii) Full-scale launch of pilot WUOs in selected regions of Ukraine.

The market-wide impact of the WUOs reform project can be expected in the long-term perspective, upon successful launch of the pilot WUOs and their access to financing for development and upgrading of irrigation infrastructure. The success stories of pilot WUOs may boost establishment of the proper WUOs network and trigger more investments in core irrigation infrastructure. This should further benefit the supply chains in agriculture.

This activity is linked with the Strategy on Irrigation and Drainage in Ukraine up to 2030, approved by Decree of the CMU No. 688-p dated 14 August 2019.

**Deadline (End of Activity)**

2021

**Responsible Authority / Institution**

Mineconomy

**Involved Key Stakeholders**

StateGeoCadastre, MCTDU, Minecology, CMU, Parliament, President

**Priority (1-5)**

4

**Level of Complexity of the Action**

High

## II. Legal Action Plan

### 6. High Value Agriculture



#### Task Name

#### Possible Actions

#### Comments

#### Deadline (End of Activity)

#### Responsible Authority / Institution

#### Involved Key Stakeholders

#### Priority (1-5)

#### Level of Complexity of the Action

6.2

Develop and implement legal and technical mechanism for digitalization of auctions for obtaining state and municipal land for lease/purchase

1. Finalize and adopt the Draft Law No. 2195 "On Amendments to Certain Legislation Concerning the Sale of State and Municipal Land Plots or Rights to Them (Lease, Superficies, Emphyteusis) by Electronic Auctions" dated 1 October 2019 (adopted in the first reading on 14 November 2019) to introduce electronic form of land auctions for state-owned and municipal lands (including lands beneath water objects).
2. Develop and adopt supportive subsidiary regulations on electronic land auctions.

Transition to electronic auctions can improve investor's access to lease of land and water objects and enhance transparency of the tender procedures. Positive experience and lessons learned from the similar electronic mechanisms which have been already introduced in respect of small privatization may need to be considered.

2021

Mineconomy

StateGeoCadastre, MCTDU, Minecology, MoF, MDT, MJU, CMU, Parliamentary Committee on Agricultural and Land Policy, Parliament, President

4

Mid

6.3

Develop and implement amendments to the template state and municipal land lease agreement regarding reimbursement of land improvements

1. Develop and agree on the detailed concept of specific amendments to the Land Code of Ukraine and the Law of Ukraine "On Land Lease" regarding improvements of agricultural land plots.
2. Develop and adopt respective amendments to the template state and municipal land lease agreement to protect investments related to agricultural land improvements (e.g., by providing clear mechanism for reimbursement of costs invested in land improvements).

Consider developing mechanism of confirmation of expenses for land improvements by investor's costs and state compensation, if the land lease agreement is not terminated due to investor's fault.

2021

Mineconomy

StateGeoCadastre, MCTDU, Minecology, MoF, MDT, MJU, CMU, Parliament, President

3

Mid

6.4

Streamline the mechanism for obtaining land needed after privatization of real estate objects or shares

1. Develop a detailed concept and decide on exemptions for obtaining the land plots for investors that privatized real estate objects and shares of state and municipal agricultural companies.
2. Draft and agree amendments to the Land Code of Ukraine, the Law of Ukraine "On Land Lease" and relevant subsidiary regulations.
3. Adopt amendments to the relevant laws and/or regulations.

These measures can help attract investments by effective privatization of agricultural businesses.

2021

Mineconomy

StateGeoCadastre, MCTDU, CMU, Parliament, President

4 / Mid ↓



## II. Legal Action Plan

### 6. High Value Agriculture



#### Task Name

#### Possible Actions

#### Comments

#### Deadline (End of Activity)

#### Responsible Authority / Institution

#### Involved Key Stakeholders

#### Priority (1-5)

#### Level of Complexity of the Action

6.5

#### Improve legislation on land consolidation

1. Develop and implement a concept of respective exchange mechanism for land consolidation.
2. Decide and agree on specific legislative changes to be made.
3. Develop and adopt amendments to the relevant laws and/or regulations.

This would contribute to efficient use of advanced farming technologies, conducting organic production that can be beneficial for investors.

2021

Mineconomy

StateGeoCadastrre, MCTDU, CMU, Parliament, President

2

High

6.6

#### Develop and enforce legal and technical mechanisms of digitalization in SPS area (services and reporting)

1. Develop and implement the policy on enforceable (from the legal and technical perspectives) digitalization of the procedures for applying and obtaining SPS permit documents in electronic form.
2. Develop and approve the procedure for electronic exchange of SPS documents with respective authorities of other countries for integration with international systems of exchange of veterinary, sanitary and phytosanitary documents and data (ePhyto Hub and TRACES).
3. Decide and agree on specific legislative changes to be made.
4. Develop and adopt respective legislative changes.

Principles of smart deregulation need to be properly aligned with enforceable ease-of-doing-business measures aimed at attracting investments.

This activity is linked to the Export Strategy of Ukraine ("Road Map" of Strategic Trade Development) for 2017-2021 and Plan of Tasks and Measures for the Implementation of Export Strategy of Ukraine

2021

MDT, Mineconomy

SSUFSCP, Mineconomy, Parliament, President, CMU

2

High

6.7

#### Develop the respective mechanism of preventive measures and enforcement of adequate liability for water pollution

1. Develop and implement a detailed concept of reasonable preventive measures of water pollution and enforcement of the respective liability for water pollution.
2. Decide and agree on specific legislative changes to be made.
3. Draft and adopt amendments to the relevant laws and/or regulations.

Consider effective protection of water resources from the pollution by farmers (by pesticides) and manufacturers (by industrial waste and water) that causes contamination and harm to aquaculture, in particular by effective monitoring and adequate penalty measures.

2021

Mineconomy

Minecology, CMU, Parliament, President

2

High

## II. Legal Action Plan

### 6. High Value Agriculture



#### Task Name

#### Possible Actions

#### Comments

#### Deadline (End of Activity)

#### Responsible Authority / Institution

#### Involved Key Stakeholders

#### Priority (1-5)

#### Level of Complexity of the Action

6.8

#### Improve protection of bees from agrochemicals and dangerous works

1. Develop and agree on amendments to the Law of Ukraine "On Beekeeping" providing for efficient preventive mechanism of bees intoxication by agrochemicals and restriction for using harmful substances.
2. Increase the fines for violation of rules of using agrochemicals, including those related to failure to properly notify the beekeepers (Article 83 of the Code of Ukraine on Administrative Offences, UAH 170 fine).
3. Finalize and adopt the Draft Law "On Amendments to Certain Laws of Ukraine on Protection of Bees from Dangerous Works" No. 4510 dated 17 December 2020.

#### Issues to consider:

- (i) Set out the procedure for notifying beekeepers about the future use of agrochemicals through local councils and respective electronic maps and schedules
- (ii) Stipulate that use of agrochemicals should be made in timeslots that are safe for bees.

2021

Mineconomy

SSUFSCP, CMU, Parliamentary Committee on Agricultural and Land Policy, Parliament, President

2

Mid

6.9

#### Adopt and implement legal framework for food safety

1. Decide on specific changes and specific legislation on food safety to be amended and approximated with EU acquis.
2. Finalize and adopt the Draft Law "On Materials and Items Contacting with Food" No. 4568 dated 4 January 2021 to establish general requirements for materials and items contacting with food.
3. Develop and adopt required laws and subsidiary regulations.

- Issues to consider: (i) Implementation of the mechanism for conducting the anti-dumping/anti-subsidy investigations and the mechanism for applying the anti-dumping measures based on such investigations
- (ii) Implementation of the mechanism for collection of the anti-dumping/compensatory fines
- (iii) Implementation of the principle of transparency of the anti-dumping/anti-subsidy investigation and its predictability for all stakeholders.

2021

Mineconomy

SSUFSCP, MoF, MDT, MJU, CMU, Parliamentary Committee on Agricultural and Land Policy, Parliament, President

1

High

## II. Legal Action Plan

### 6. High Value Agriculture



#### Task Name

6.10

#### Harmonize baby food legislation with EU standards

1. Finalize and adopt the Draft Law "On Amendments to Certain Laws of Ukraine on Harmonization of Baby Food Laws with EU Regulation" No. 4554 dated 29 December 2020
2. Develop and adopt required subsidiary regulations.

#### Possible Actions

#### Comments

The legal framework for the industry is outdated and needs to be updated to be in line with current health safety and nutrition requirements, inter alia, by aligning definitions and standards with the respective EU regulations.  
Baby food industry is very attractive for investments because of its unrealized potential.

#### Deadline (End of Activity)

2021

#### Responsible Authority / Institution

MIU

#### Involved Key Stakeholders

SSUFSCP, MoF, MDT, MJU, CMU, Parliamentary Committee on Agricultural and Land Policy, Parliament, President

#### Priority (1-5)

2

#### Level of Complexity of the Action

High

6.11

#### Improve and implement legal framework for insurance of agriculture products from potential losses and spoiling

1. Agree, develop and implement a detailed concept of agriculture production insurance and possible state support which Ukraine is actually ready to provide in this area.
2. Decide and develop specific measures to be made (in particular, the insurance of weather and agriculture risks in the HVA) and specific laws and/or regulations to be amended.
3. Draft and adopt amendments to the relevant laws and/or regulations (including the Draft Law "On Amendments to the Tax Code of Ukraine and Certain Other Laws of Ukraine on Improving the Legal Regulation of Insurance of Agricultural Products with State Support" - developed by the Mineconomy, has been under public consideration since October 2020).

This task will require a political decision balancing public interest (efficient spending of the state budget) against the interest of investors. Issues to consider:  
(i) Necessity to incentivize insurance companies and farmers to protect production from unpredictable weather conditions or possible pollution  
(ii) Possibility of the state support of agricultural insurance  
(iii) Establishment of a broader insurance risks list  
Functioning of affordable agricultural insurance system would contribute to efficient development of high-value agriculture.

2021

Mineconomy

MoF, MDT, MJU, SSUFSCP, CMU, Parliament, President

3

High





# Stream 3: Communications Plan



# Communications Plan: Notes on Approach

To successfully implement the FDI attraction strategic plan, relevant communications should accompany each action and the Strategy as a whole. Therefore, we provide with broad strokes the communication approach aiming to strengthen the prerequisites for FDI attraction by working in public communication field with each of the relevant stakeholders. The ideal communication leads to turning the target audience to the strategy ambassadors, equipped with knowledge and motivation.

At that, each particular reform or action listed in the Operational and Legal Action Plans would have its own communication strategy, where FDI attraction would be one of the elements. Detailed communications strategies and tactical roadmaps for each reform/action should be considered in the context of wider effects and perception rather than just FDI, and developed by dedicated marketing agencies specializing in promotion of government-induced activities.

The communication strategy addresses the following stakeholders:

	Why important?	General message	What do we aim to achieve?
<b>General public</b>	Their perception creates political background for reforms and other strategic actions needed to attract FDI and vital for successful implementation the strategic plan.	FDI = higher wages, more job opportunities and better work conditions. FDI = more money for schools and hospitals and better living environment. Support for those who attract FDI to my region is important for my personal well-being.	"FDI inflow is good for Ukraine, for my region and for me personally." Population supports attraction of FDI, even if it involves state-owned company privatization or land sales or other non-popular reform.
<b>Local authorities</b>	Besides being implementers of strategic action plan at the local level, local authorities are the contact points for foreign investors and 'forced ambassadors' of Ukraine's brand as FDI destination.	By attracting FDI to your region/area, you close funding gaps for social infrastructure and become more popular among local community. By attracting FDI you make Ukraine a better country, which is regarded as your important achievement by the central government. Media coverage of this segment should include praising the efforts of local authorities and community in attracting foreign investor to their region to increase their since of purpose and importance of actions.	Local authorities understand the positive effects of FDI attraction and commit to implementation of the National Strategy to Increase FDI Flows to Ukraine at their local level. They are equipped with instruments and techniques to deal with foreign investors at a local level as well as to present central level opportunities (like government support schemes or grievance procedures)
<b>Foreign Ukraine-related entities (embassies, trade representatives, local communities)</b>	Ukrainian communities and entities abroad may be the contact point for foreign investors, interested in including Ukraine into their regions of presence	For government-led institutions the message box might include the detailed procedures and ready-made materials for dealing with requests and pro-active campaigns. For local community abroad the messages should be focused on success stories and inspiring leaders to turn them into the country's ambassadors.	Trade officers and other relevant embassy personnel are equipped with instruments to respond to FDI calls and motivated to engage in pro-active investors communication; local communities are equipped with positive stories to share as opposite to the 'most clickable' generally negative media coverage.
<b>Foreign data intelligence units</b>	Foreign investors regard data intelligence units as an important source of information about Ukraine, higher on their trust scale than foreign or Ukrainian media and/or official representatives.	They should be aware of the services that Ukrainian investment promotion agency can provide, have access to statistical data, news and research materials available on a regular basis or at request at a contact point in UkraineInvest, as well as be invited into major events. They must be getting relevant information only, specifically tailored for their needs.	Data intelligence companies are aware of where to get data on Ukraine and are receiving (and publishing) regular updates on developments in the country, so it remains on the radar with a positive sign.

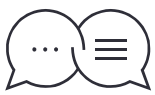
A photograph of a sailboat on the water at sunset. The sun is low on the horizon, creating a bright orange glow and a lens flare effect. The sailboat's mast and rigging are visible, with the sails partially unfurled. The water is calm, and the sky is a mix of orange and blue.

# Communications Plan: FDI Perception - Opportunity, Not a Threat

# III. Communication Action Plan

## 1. FDI Perception – Opportunity, Not a Threat

1.1 Public perception of investments: FDI = higher wages, more job opportunities and better work conditions.



Task Name

Description

Target Audience

Task Name

Description

Target Audience

1.1.1

Change the communication motto "Buy Ukrainian" to "Invest in Ukrainian companies"

Public recognition from officials of Ukrainian companies who managed to attract foreign capital can help break myths and propaganda and form a positive image of FDI.

High-qualified employees

1.1.2

Visit tours to the privatized state enterprises and promo videos to show positive changes

Visit tours and videos can help demonstrate that privatization is modernization and not parasitism on state assets. We need to challenge the stereotype image with clear and robust evidence.

General public

1.1.3

Online interactive dashboard "Cost of 3000 state-owned enterprises for Ukraine"

A tool to show how costly are the state-owned enterprises to the country and how that amount could be alternatively used by the government to improve living and business conditions in Ukraine.

Expert and civil society opinion leaders

1.1.4

Communication campaign "Second breath of the technical education and employment in Ukraine"

We need to show the school graduates and their families that global labor market changes are coming. Placing FDI discourse in the career and high education orientation focus can help achieve broader support of foreign investments in Ukraine. Children's happiness and prosperity is one of the essential factors of Ukrainians life satisfaction.

Families with schoolkids, students

1.1.5

Joint conferences and fairs with embassies for high-qualified employees promoting jobs in the companies with the foreign capital

The direct connection between FDI and labor market opportunities (wages, conditions, contracts, social security) can help get broader public support of FDI policies.

High-qualified employees

1.1.6

Support recruitment information campaigns of FDI-financed companies

Good visibility of the new job opportunities on the outdoor ads, in the media, in the employment centers will show that country becomes more open, and everyone can benefit from it.

General public, job seekers

# III. Communication Action Plan

## 1. FDI Perception – Opportunity, Not a Threat

1.2 Gaining local business support – FDI is not about splitting the pie, but growing the pie.



Task Name

Description

Target Audience

Task Name

Description

Target Audience

### 1.2.1

Public-Private Partnership models public promotion

What is a Private-public partnership, and how it will improve existing value-chains and logistics? Clear messages from the political leaders and well-explained opportunities for the construction market, cargo transportation companies, trade companies, and other vital players are crucial in implementing the amendments in legislation and general PPP advocacy.

construction market, cargo transportation companies, trade companies, industrial companies

### 1.2.4

Series of op-eds with the analysis of business opportunities related to the demonopolization

Expert comments on the demonopolization as a business opportunity and on how the regulation changes will increase market volume.

Business, entrepreneurs

### 1.2.2

Informational support for concession tenders

Given Ukraine's notoriously negative history of tender processes, trust building for the concession tenders is critical. Hence, open and transparent concession tenders displaying absence of non-market benefits will lead to PPP receiving the local business' trust and support.

construction market, cargo transportation companies, trade companies, industrial companies

### 1.2.5

Support for AM and HVA professional fairs

Such fairs can show to the business community government priorities and boost business networking and cooperation. The promotion of FDI strategy through such events can help businesses adapt to the coming changes, get more information about future opportunities, and get answers from the officials on the convenient platform.

Business, entrepreneurs

### 1.2.3

Privatization communication support

Change the focus from the privatization itself to specific cases. Provide arguments why the state enterprise needs to be transparently privatized and show an attractive story to media, similar to the communication campaign around hotel Dnipro privatization.

Business, entrepreneurs, general public

### 1.2.6

Support business accelerators in HVA and AM areas

By engaging consultants and experts in the HVA and AM areas and leading ideas research process, the government can attract VC funds to join efforts in the sectors.

**Target Audience:**  
Business, entrepreneurs, funds



A photograph of a sailboat on the water during sunset. The sun is low on the horizon, creating a bright orange glow and a lens flare effect. The sailboat's mast, rigging, and sails are visible, with the sails appearing to be white or light-colored. The water is dark and calm. The overall mood is serene and contemplative.

# Communications Plan: Communications on FDI-related Reforms

# III. Communication Action Plan

## 2. Communications of the FDI related reforms

### 2.1 General communications



#### Task Name

#### Description

#### Target Audience

##### 2.1.1

#### Roadmap of deregulation in Ukraine and quarterly digest about the progress

Deregulation progress is an important signal for the broad circle of stakeholders involved in investment decisions/support and should be carried out in a systemic rather than ad hoc fashion.

international financial organizations, decision makers, opinion leaders and civil society

##### 2.1.2

#### Regular and open NBU communication

NBU independence messages and less public conflicts in management and with the supervisory board are important flags for the broad circle of stakeholders involved in investment decisions/support.

international financial organizations, decision makers, opinion leaders and civil society

##### 2.1.3

#### Land market opening and privatization communication

Real land market opening and higher dynamics of state-owned enterprises privatization are important flags for the broad circle of stakeholders involved in investment decisions/support.

international financial organizations, decision makers, opinion leaders and civil society

##### 2.1.4

#### Regular and open Ministry of Finance communication

Responsible budget process, low deficits, independent macroforecasting process, lowering redistribution of GDP through the budget, implementation of medium-term budget planning are important flags for the broad circle of stakeholders involved in investment decisions/support.

international financial organizations, decision makers, opinion leaders and civil society

##### 2.1.5

#### Closed door discussions and public expert conference about tax and custom system reforms

Broad consensus on tax and custom reform model, professional management hiring policy for tax and custom services and clear connection between reforms and its impact on the reduction of the shadow market in Ukraine.

international financial organizations, decision makers, opinion leaders and civil society

##### 2.1.6

#### Association Agreement implementation public monitoring

Implementation progress of the EUAA is an important signal for the broad circle of stakeholders involved in investment decisions/support and should be carried out in a systemic rather than ad hoc fashion.

international financial organizations, decision makers, opinion leaders and civil society

#### Task Name

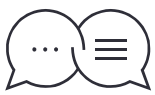
#### Description

#### Target Audience

# III. Communication Action Plan

## 2. Communications of the FDI related reforms

### 2.2 Long-term state guarantees and obligations for investors and 2.3 Industrial visa-free regime



Task Name

Description

Target Audience

#### 2.2.1

Closed-door discussions on guarantees and long-term obligations

The possibility to provide state guarantees for investors and sign contracts with long-term financial obligations is crucial for PPP development. It is, thus, advisable to hold preliminary stakeholder consultations for increased support of such legislative changes and clarify its importance for the economic growth.

parliament members, business and experts

#### 2.2.2

Expert op-eds on the topic

Expert articles about the topic will be useful and can help to get business and expert support of the legislative changes.

business, experts

Task Name

Description

Target Audience

#### 2.3.1

“Industrial visa-free regime” roadmap

The public and business is only informed about the process through ad hoc statements. The information campaign must be better organized and include main implementation steps for intensifying the process.

business, embassies, policy makers, NGOs, journalists

#### 2.3.2

Regular op-eds on the topic

Articles can support the roadmap and keep the thought leaders and business communities informed about the process. It can help them adapt and plan the internal preparation for such a significant change.

business, embassies, policy makers, NGOs, journalists

#### 2.3.3

EU-Ukraine conference

A special conference with EU delegates' participation is needed to present the progress and update a roadmap of the industrial visa-free regime launch. It could be a big signal for international and internal business communities.

business, embassies, policy makers, NGOs, journalists, EU delegation, international journalists



A low-angle, perspective shot from the deck of a sailboat looking towards the stern. The wooden planks of the deck lead the eye into the distance. On the left, the rigging and ropes of the boat are visible against a bright sunset sky. The sun is a glowing orb on the horizon, creating a lens flare and reflecting on the water. The sails are partially visible, and the overall atmosphere is serene and adventurous.

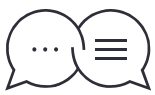
# Communications Plan: Engaging Foreign Investors



# III. Communication Action Plan

## 3. Engaging foreign investors

### 3.1 Changing the image of the country for the global investors' community



Task Name

Description

Target Audience

#### 3.1.1

Constant communication on judicial reform, property rights, law enforcement, fight against corruption and abuse of power by law enforcement agencies, limiting the power of oligarchs, clear roadmap and communication support of decisive parliament sessions, readiness to organize meetings with members of business associations

Important signaling mechanism for the broad circle of stakeholders.

International investment and financial community

#### 3.1.2

Ensure real-time effective public communication and reaction from the authorities to any cases of infringement of foreign investors' rights

Real-time effective public communication including timely reaction to any cases of infringement of foreign investor's rights demonstrates transparency and readiness of the authorities for problem-solving to ensure favorable conditions for foreign investments. This lowers perceived risks by new investors who pay significant attention to historic government/investor behavior.  
business, decision makers, opinion leaders and civil society

#### 3.1.3

Dedicated ongoing information campaign on actual vs. perceived risks of the military conflict in the East of Ukraine, directed at global investors and vocally supported by all branches of the government

An ongoing information campaign regarding actual vs. perceived risks connected with military conflict will influence investors' decision-making regarding Ukraine. The conflict is currently perceived by many international investors as having profound effect on doing business all across Ukraine. Declassifying that myth is of very high importance.

International investment and financial community

#### 3.1.4

Dedicated ongoing information campaign on transparency and level of digitalization of the public sector in Ukraine compared to a wide global peer group, directed at global investors and vocally supported by all branches of the government

Ongoing information campaign on transparency and public sector digitalization can positively affect the investors' perception of the country

International investment and financial community

Task Name

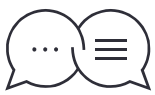
Description

Target Audience

# III. Communication Action Plan

## 3. Engaging foreign investors

### 3.2 Enhancing investment promotion through effective cooperation with the private sector



Task Name

Description

Target Audience

#### 3.2.1

Providing vocal public support to private sector 'investment ambassador' volunteers

The investors, as shown by a number of credible business surveys, have very limited levels of trust for authorities in Ukraine. They are much more likely to believe stories told by their fellow investors already on the ground than any official communication. Accordingly, the state investor communications paradygm needs to shift to allow the private sector to tell a comprehensive tale to the potential market entrants, while the government provides ample support to these efforts.

business, decision makers, opinion leaders and civil society

#### 3.2.2

Providing vocal public support to bilateral and multi-lateral business associations efforts

Practice shows that efforts to engage investors by associations are much more effective than official communications. Hence, similar to the argument in 3.2.1, the business associations should be supported rather than dismissed by official channels.

business, decision makers, opinion leaders and civil society

#### 3.2.3

Task Name

Description

Target Audience

Intensify support for foreign investors already present in Ukraine

Intensification of support for foreign investors that are already present in Ukraine can be a positive signal for the potential investors from a number of perspectives. Global practice shows that expansion of investment footprint by existing investors is much more likely than attraction of fresh equity. Hence, existing investors shouldn't feel themselves left out of the loop in favor of attempts to lure in new money. If they do, they will communicate that approach to the new market entrants, which will be highly detrimental to investment attraction efforts.

business, investors, decision makers

# III. Communication Action Plan

## 3. Engaging foreign investors

### 3.3 Reorganizing and enhancing promotion through official channels



Task Name

Description

Target Audience

#### 3.3.1

Reviewing 'investment promotion' capabilities of the Ukrainian diplomatic corps

Only a handful of Ukrainian embassies across the world are making real (rather than declared) efforts at investment promotion of Ukraine. Most lack the skills, tools, understanding and will to prioritize investment promotion to their other activities. This state of affairs has to change and the existing diplomatic corps network leveraged effectively to achieve systemic investment promotion processes across the globe.

embassies, policy makers

#### 3.3.2

Creating the role of an 'Investment Promotion' attache or director at each Ukrainian embassy abroad with corresponding KPIs

Existence of the prepared dedicated contact person and a voice of business at each embassy will help to develop and carry out effective investment promotion efforts.

embassies, policy makers

#### 3.3.3

Task Name

Description

Target Audience

Establishing a systemic network of communication and real-time information exchange between such 'attaches' and key Ukrainian public entities responsible for investment promotion - in particular, UkraineInvest

Investment promotion efforts by embassies have to be based on up-to-date information coming from Ukraine. UkraineInvest should act as a leadpoint in providing that information, acting as a two-way hub available to the embassies in real-time, 24/7.

embassies, policy makers

#### 3.3.4

Enhancing such communication network with a semi-automated digital database of current investor interest and corresponding information materials exchange

Semi-automated and timely updated database will ensure systematic update of useful information available for the stakeholders.

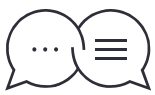
embassies, policy makers



# III. Communication Action Plan

## 3. Engaging foreign investors

### 3.3 Reorganizing and enhancing promotion through official channels and 3.4 Engaging regions in effective investment promotion



Task Name

Description

Target Audience

#### 3.3.5

**Directing the embassy network to support efforts by and work in concert with bilateral business associations**

Such activities will support effective cooperation, share of information, establishment of business connections and identification of business opportunities.

embassies, policy makers, business associations

#### 3.3.6

**Employ unified approaches to information gathering and presentation on potential investment projects/opportunities**

Introduction of the unified approaches for information gathering and sharing is a useful step toward representation of the opportunities in the country in the best way.

embassies, policy makers

Task Name

Description

Target Audience

#### 3.3.7

**Establish a common set of 'Unique Selling Points' when marketing Ukraine to foreign investors that will be agreed upon and used by all public sector entities and individual officials at all levels**

Such set of selling points will help the stakeholders involved in the activities dedicated to the investments attraction to be on the same page while representing the country and its unique opportunities.

embassies, policy makers

#### 3.4.1

**Establish a network of pro-active investment promotion representatives across all Ukrainian regions and significant cities that will cooperate directly with UkraineInvest**

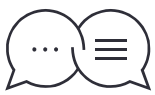
Broad network of investment promotion representatives in Ukrainian cities, that cooperate with UkraineInvest, will help to engage regions into the effective investment promotion and identification of opportunities. Current experience shows lack of motivation and skills to do investment promotion by most of the regional authorities, which serves as a very material barrier to entry for potential market entrants.

regional authorities, business, decision makers, opinion leaders. civil society

# III. Communication Action Plan

## 3. Engaging foreign investors

### 3.5 Solidifying the role of UkraineInvest as a leadpoint on investment promotion



Task Name

Description

Target Audience

3.5.1

Expand public funding for UkraineInvest to facilitate their participation in key offline and online general and sector-specific regional and global investment and trade events and one-on-one dialogue with major global corporates

Active participation of UkraineInvest in significant investment and trade events will ensure more effective representation of Ukraine on the global business stage, enable promotion of the country and its business opportunities - effectively putting and keeping Ukraine on the radar. One-on-one live meetings with the global corporates are also incredibly important to entice them to pay attention to Ukrainian capabilities - and they have to happen with senior global management of those corporates around the world, not with the local representatives in Kyiv. Hence, enhanced budgeting for UI is of paramount importance in order to be able to run these activities.

policy makers

3.5.2

Establish systemic cooperation between UkraineInvest and on-the-ground researchers and analysts of the key global investment and industry data providers to ensure up-to-date information about Ukraine, its industries and investment opportunities

This activity will ensure effective spread of the up-to-date, factually correct and properly framed information about Ukraine and its investment opportunities across the global corporate investment community. Global data providers are trusted sources of information for the global corporate world - and their on-the-ground researchers in Ukraine are often limited in number and do not enjoy full access to required information, resulting in weak reports.

policy makers, global investment and business community

Task Name

Description

Target Audience

3.5.3

Establish coordination and information exchange between UkraineInvest and key European and global IPAs

Information exchange and effective cooperation with key European and global IPAs is of highest importance - IPAs act as a large community, exchanging insights, information, project data and investor interest on a daily basis. Being an active part of that community will help keeping Ukraine on the global radar.

policy makers, global investment and business community

3.5.4

Set up a system of regular (monthly, quarterly) update calls led by UkraineInvest for analysts of global and regional corporates

Another step designed to keep Ukraine on the global investment radar and provide a new source of information for global investors coming from an official channel, in the format that is understood and enjoyed by those global investors. Investors have to be 'fed' information - with the level of competitiveness for investor money between countries, a proactive stance on bringing up-to-date properly framed information to the investors should be one of top priorities.

policy makers, global investment and business community

3.5.5

Establish systemic cooperation between UkraineInvest and key 'diaspora' reps across all key global jurisdictions

Similar to the business associations support step in 3.2.2., 'diaspora' community is a great source of business/investor networks in their respective countries, and that resource, highly motivated to help Ukraine grow and develop, has to be utilized to the maximum extent.

policy makers, Ukrainian diaspora

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