



Ukraine: Investor Presentation



MINISTRY OF
FINANCE OF
UKRAINE

June 2021

IMPORTANT: You must read the following before continuing. In accessing this document ("Information"), you agree to be bound by the following terms and conditions.

The Information is not an offer or invitation to, or solicitation of, any such distribution, placement, sale, purchase or other transfer of any securities in the territory of Ukraine.

The Information does not constitute or form part of, and should not be construed as an offer or the solicitation of an offer to subscribe for or purchase any securities, and nothing contained therein shall form the basis of or be relied on in connection with any contract or commitment whatsoever, nor does it constitute a recommendation regarding any securities.

The Information contains forward-looking statements. All statements other than statements of historical fact included in the Information are forward-looking statements. Forward-looking statements give Ukraine's current expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance and business. These statements may include, without limitation, any statements preceded by, followed by or including words such as "target," "believe," "expect," "aim," "intend," "may," "anticipate," "estimate," "plan," "project," "will," "can have," "likely," "should," "would," "could" and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond control of the Ministry of Finance of Ukraine that could cause actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Ukraine's present and future strategies and the environment in which it will operate in the future.

No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the Information or the opinions contained therein. The Information, including but not limited to forward-looking statements, applies only as of the date of this document and is not intended to give any assurances as to future results. The Ministry of Finance expressly disclaims any obligation or undertaking to disseminate any updates or revisions to the Information, including any fiscal data or forward-looking statements, and will not publicly release any revisions it may make to the Information that may result from any change in expectations, any change in events, conditions or circumstances on which these forward-looking statements are based, or other events or circumstances arising after the date of this document.



Ukraine's economy: dynamics of selected indicators

	2015	2019	Today
 Real GDP growth	(9.8)%	3.2%	(2.2)% (Q1 2021)
 Consumer inflation (eop)	43.3%	4.1%	9.5% (May 2021)
 Reserves (eop)	US\$ 13.3bn (eop)	US\$ 25.3bn (eop)	US\$ 27.8bn (Jun 1, 2021)
 Primary state budget balance ¹	2.0% of GDP	1.0% of GDP	0.3% of GDP ² (Q1 2021)
 State debt to GDP	67.1%	44.3%	51.4% ³ (Q1 2021)

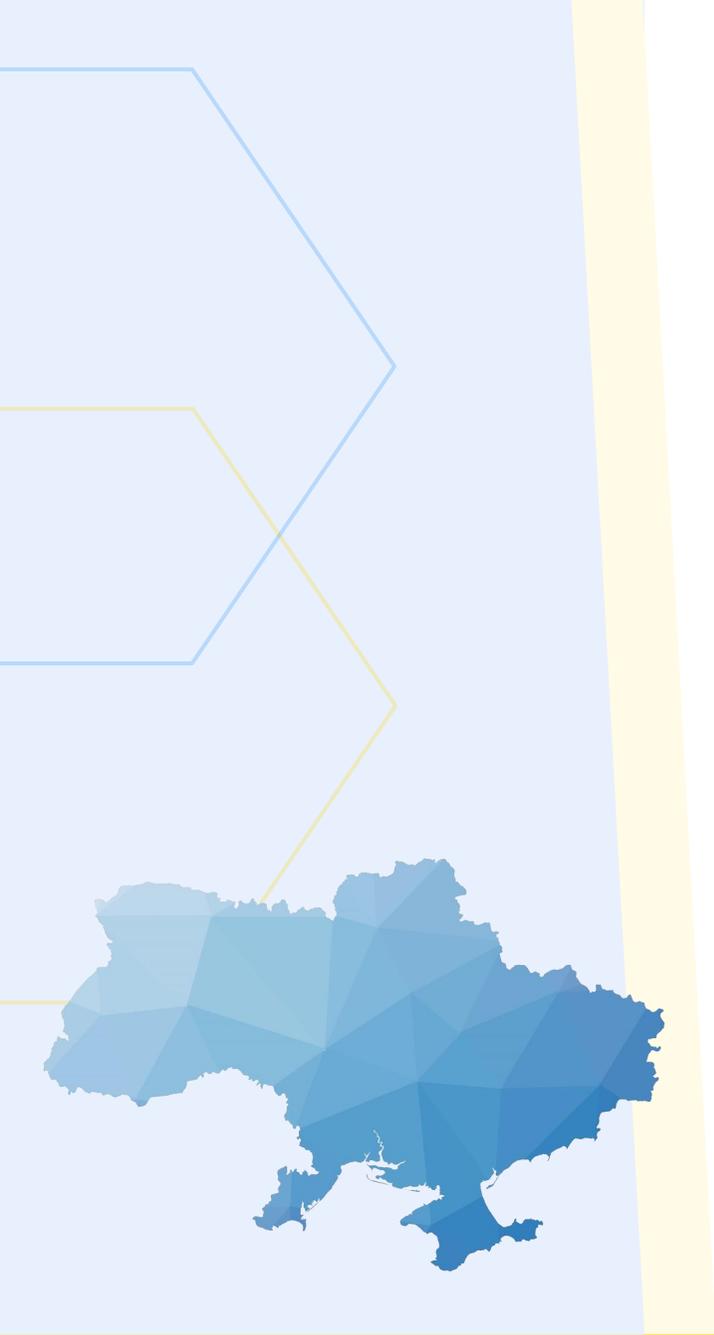
Note 1 Primary state budget balance defined as state budget revenues minus expenditures excl. debt service and minus net lending

Note 2 Estimated based on primary state budget balance of UAH 12.7bn during Q2 2020 – Q1 2021 and actual nominal GDP of UAH 4,349bn during Q2 2020 – Q1 2021

Note 3 Estimated based on actual state debt of UAH 2,235bn as of Mar 31, 2021 and actual nominal GDP of UAH 4,349bn during Q2 2020 – Q1 2021

Sources State Statistics Service of Ukraine, NBU, State Treasury





- 1 Solid foundation for long-term economic growth**
- 2 Return to gradual fiscal consolidation
- 3 Prudent debt management strategy
- 4 Reviving business climate and development prospects
- 5 Strong focus on ESG considerations



Accumulated economic buffer to curb Covid-19 crisis (1/2)

2020 GDP in current prices

US\$ 156bn

GDP per capita dynamics, US\$

2017 US\$ 2,640

+17%

2018 US\$ 3,097

+18%

2019 US\$ 3,663

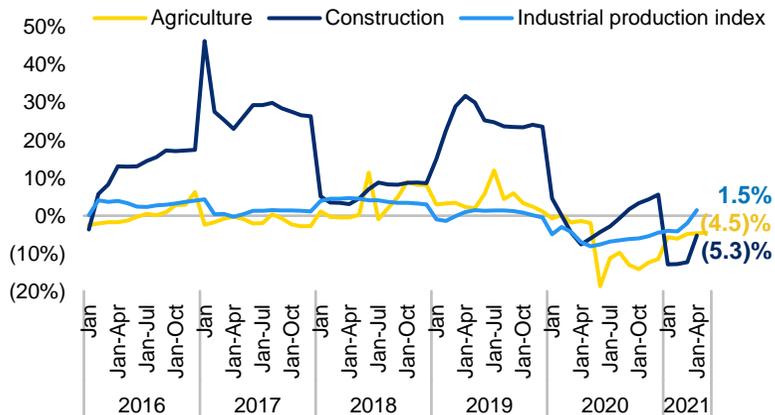
+2%

2020 US\$ 3,727

Comments

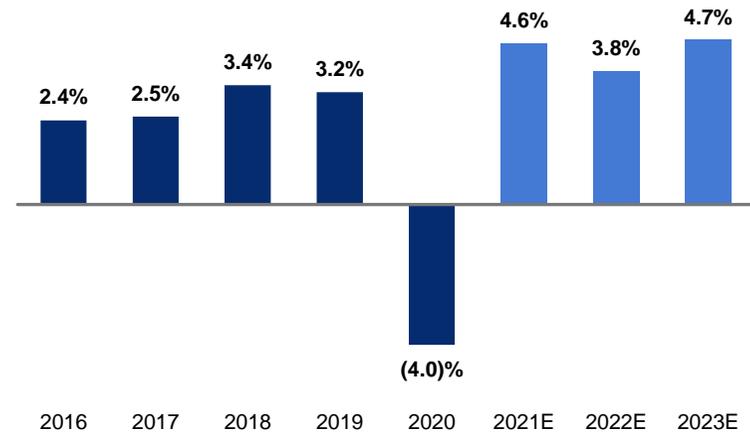
- ▶ In 2020, Ukraine's **real GDP has declined by 4.0%** which is **significantly lower than projected** by the government (-4.8%) and the IMF (-7.2%). In Q1 2021, the real GDP has contracted by 2.2%
- ▶ YTD 2021, the **key economic sector outputs started to return to upward trend** with industrial production showing the increase (1.5% y-o-y in Apr 2021), while construction index is still negative (-5.3% y-o-y in Apr 2021), followed by agriculture (-4.5% y-o-y in May 2021)
- ▶ Despite Covid-19, the **private consumption remained strong in Q1 2021 after quick return to growth in Q3 2020**, while the fixed capital accumulation remains negative

Key economic sectors output growth (y-o-y)¹, %



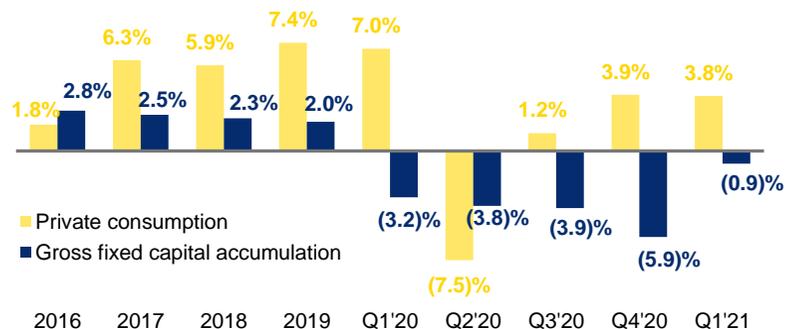
Source State Statistics Service of Ukraine

Real GDP growth (y-o-y)², %



Sources State Statistics Service of Ukraine

Component contribution into real GDP growth, %



Source State Statistics Service of Ukraine

Notes

- 1 To the corresponding period of the previous year on a cumulative basis
- 2 2021-2023 data according to the latest Ministry of Economy's projections

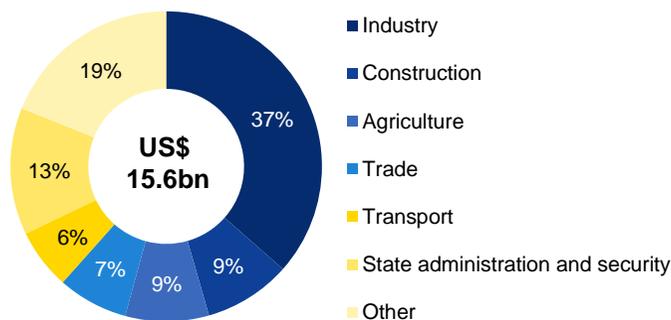


Accumulated economic buffer to curb Covid-19 crisis (2/2)

Comments

- ▶ **The key contributors to industrial output increase in April 2021** are production of furniture (+15.7%), production of chemicals (+9.7%), and textile (+8.5%)
- ▶ **Gross fixed capital went down by 7.8% in Q1 2021** on the back of the economic disruption caused by Covid-19
- ▶ Despite 38.2% capital investments decline in 2020, the consistent growth in the previous periods (15%+ y-o-y in 2016-2019) is expected to solidify Ukraine's prospects for quick economic recovery post Covid-19 outbreak
 - **Industry has been the major contributor to capital investments in 2020 accounting for c.37%** followed by construction and agriculture with 9% shares both

Capital investments split by sector for in 2020, %



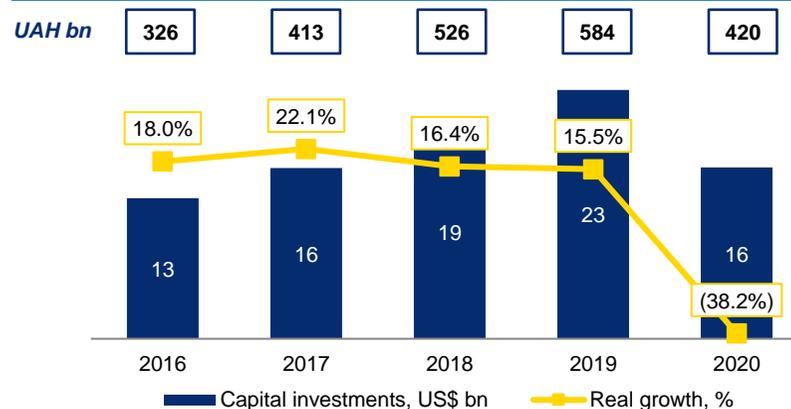
Source State Statistics Service of Ukraine

Gross fixed capital accumulation, % (y-o-y)¹



Source State Statistics Service of Ukraine

Capital investments dynamics



Source State Statistics Service of Ukraine

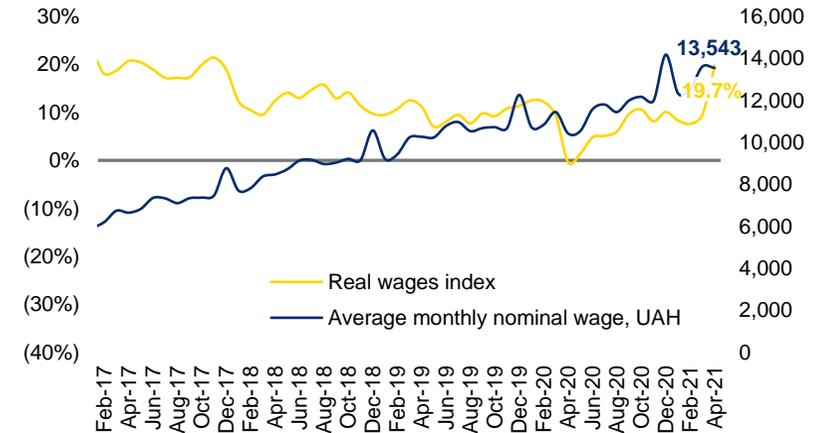
Note 1 To the corresponding period of the previous year on a cumulative basis

Despite economic downturn, consumer demand remains firm

Comments

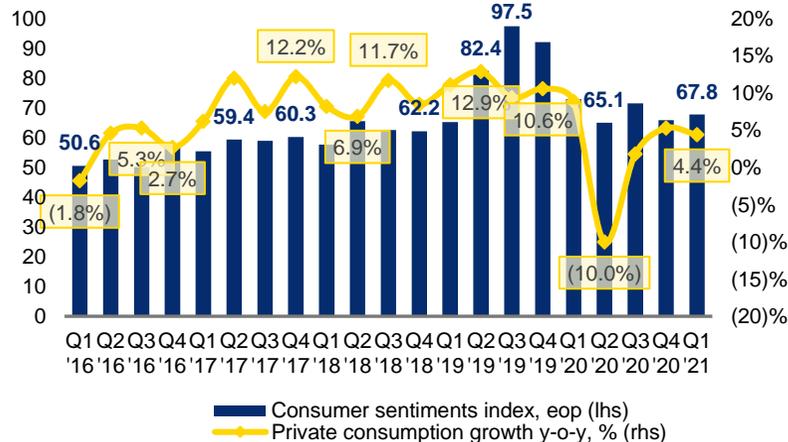
- ▶ Over recent years, consumer demand was consistently driven by a number of factors, including **steady rise in real wages, improving consumer sentiments** (before Q1 2020), **growing personal money remittances**
 - Despite economic crisis caused by Covid-19, real wages growth was mainly resilient and reached 19.7% y-o-y in Apr 2021
- ▶ **Covid-19 also had limited impact on the retail trade:** its turnover growth increased to 14% in Apr 2021 from just above 8% as of Dec 2020
- ▶ Final private consumption grew by 5.3% and 4.4% y-o-y in Q4 2020 and Q1 2021, respectively, after a 10.0% decline in Q2 2020

Real wages growth (%) and avg monthly nominal wages (UAH)



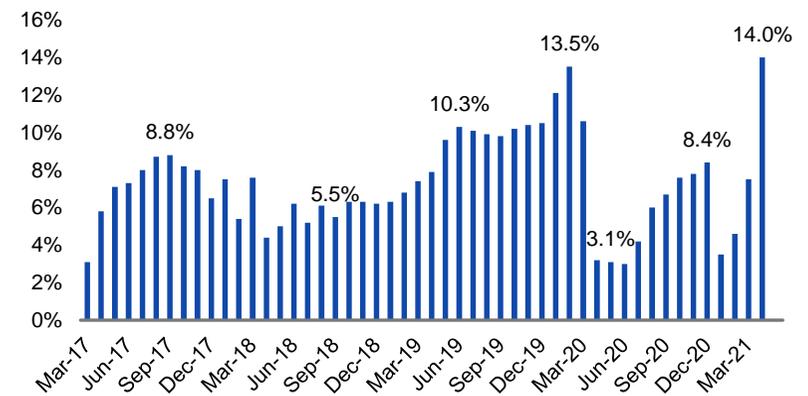
Source State Statistics Service of Ukraine

Private consumption and consumer sentiments evolution



Source GFK, State Statistics Service of Ukraine

Retail trade growth (y-o-y)¹, %



Note 1 To the corresponding period of the previous year on a cumulative basis

Source State Statistics Service of Ukraine

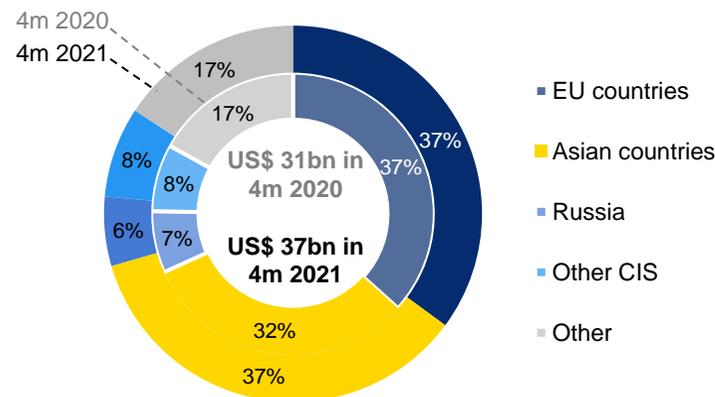


Revival of external trade in 4m 2021

Comments

- ▶ **The international trade has started to recover after disruptions caused by global Covid-19 pandemic:** Ukraine's goods trade turnover has increased by 18% y-o-y in 4m 2021 (to US\$ 37bn)
- ▶ The total export and import of goods and services have reached US\$ 22.6bn and US\$ 22.9bn in 4m 2021, respectively
- ▶ **Exports of goods and services have risen by 12.8% y-o-y in 4m 2021** with ferrous and non-ferrous metals as well as mineral products being the key drivers of such development
- ▶ **Imports of goods and services have increased by 13.4% y-o-y in 4m 2021** with machinery and equipment development, chemicals, and mineral products contributing the most

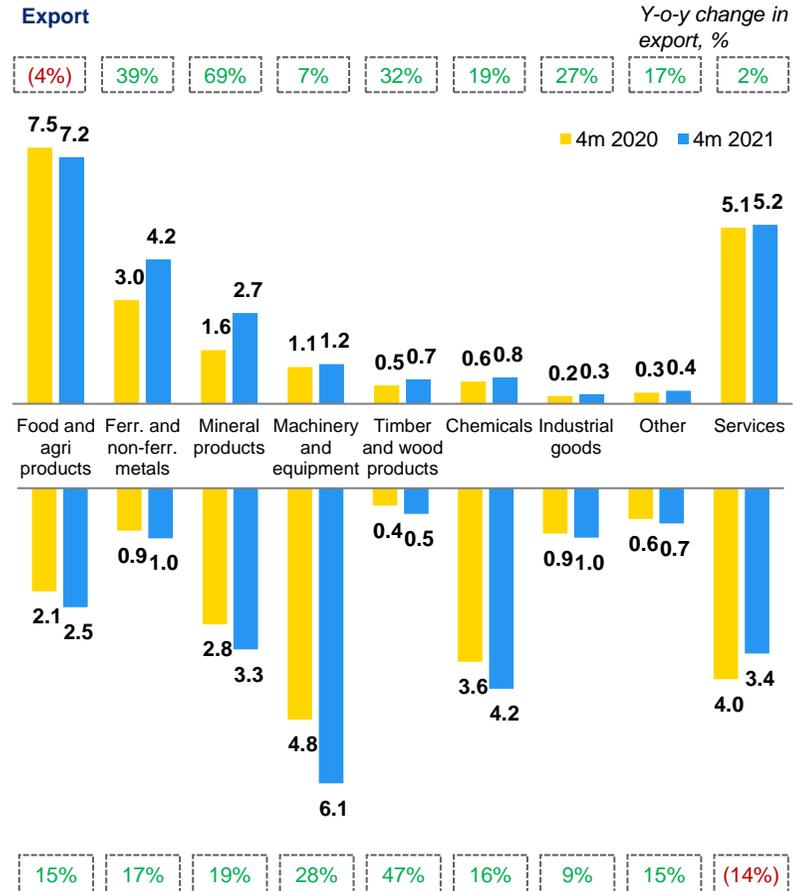
Geographic structure of goods trade in 4m 2020 & 4m 2021¹



Source NBU
Notes

¹ Sum of export and import of goods

Export and import of goods and services dynamics, US\$ bn



Import

Source Ministry of Economy

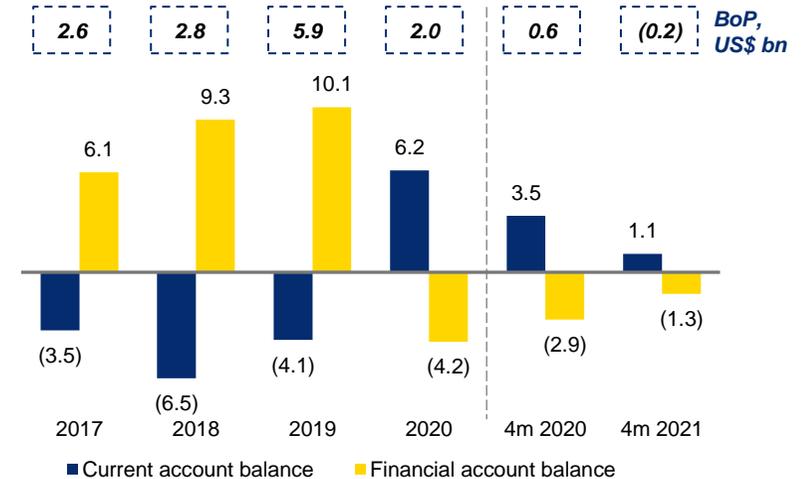
Y-o-y change in import, %

Firm external position leading to less vulnerability to external shocks

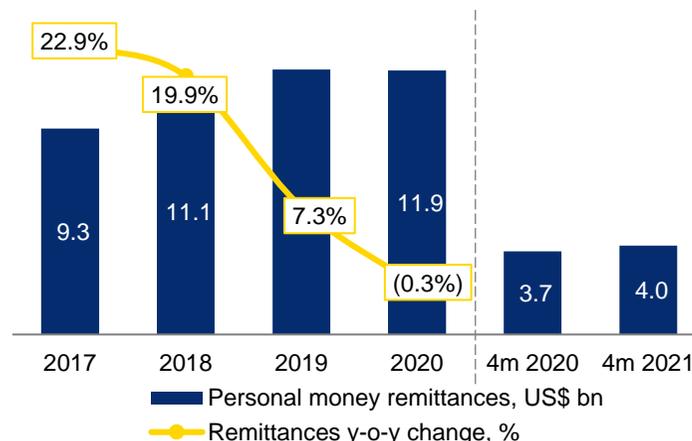
Comments

- ▶ **The trade balance deficit amounted to US\$ 0.3bn** in 4m 2021 which is relatively comparable to US\$ 0.1bn in 4m 2020. Slight increase in the deficit is resulting from a slightly higher growth in imports (by 13.4% y-o-y) vs exports (by 12.8% y-o-y)
- ▶ **The current account (CA) balance demonstrated surplus of US\$ 1.1bn** in 4m 2021 which is lower than US\$ 3.5bn during the same period of the previous year mainly due to outflows related to investment income (US\$ 3.9bn in 4m 2021 vs US\$ 1.6bn in 4m 2020)
- ▶ **The financial account continued to record capital outflows** (US\$ 1.3bn in 4m 2021) which was primarily due to a souring of global financial conditions for EMs

Balance of payments components, US\$ bn

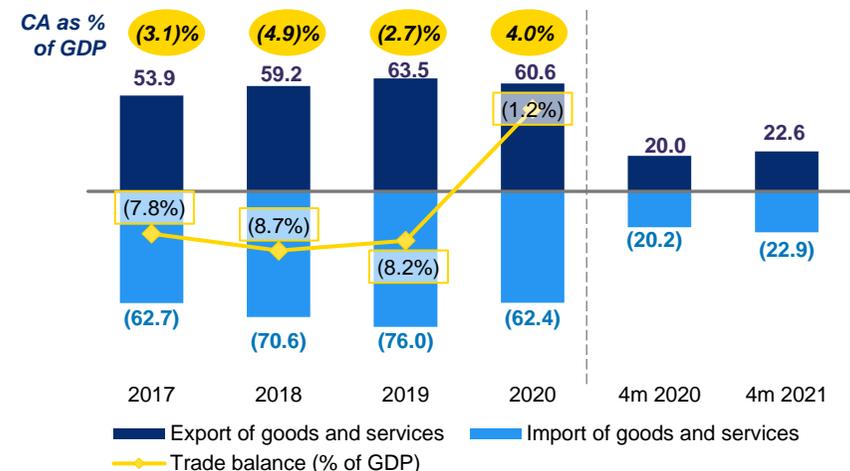


Private money remittances, US\$ bn



Source NBU

Ukraine's current and trade balance dynamics, US\$ bn



Prudent monetary policy implemented by independent regulator

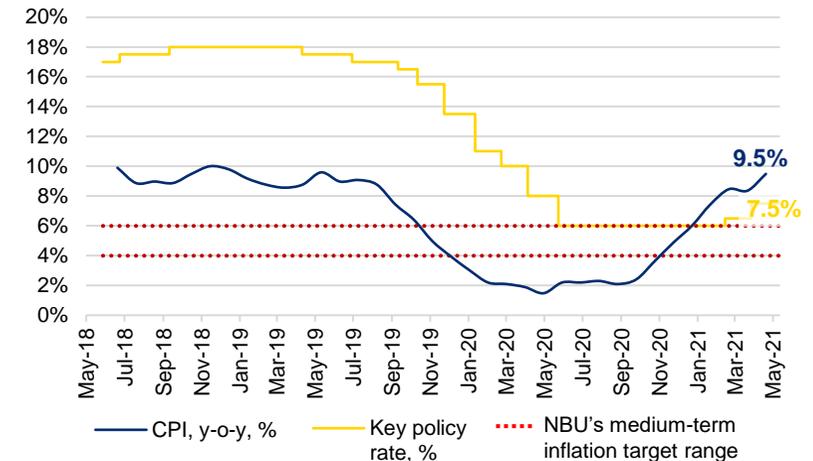
Medium-term consumer inflation target range: 5%+/-1%

Y-o-y inflation as of May 2021: 9.5%

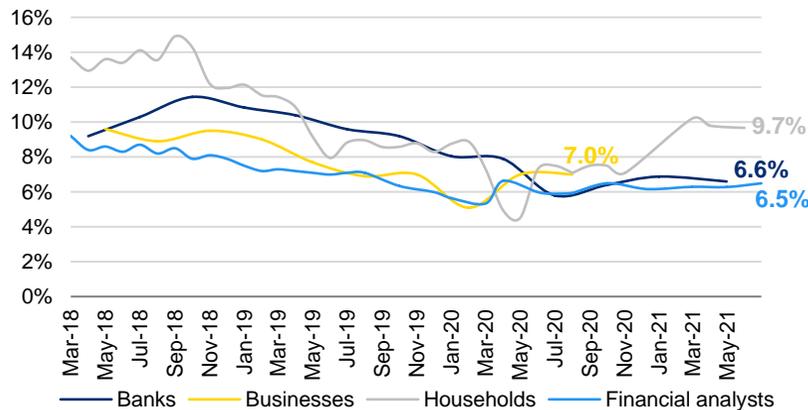
Comments

- ▶ **The NBU has significantly softened its monetary policy maintaining the cycle of key policy rate cuts until June 2020** on the back of UAH appreciation and decelerated inflation
- ▶ During July 2020 – February 2021, the NBU has decided to keep its key policy rate at 6% to curb the price growth as the economy recovers in 2021–2022, while leaving room for its further decrease
- ▶ In March-April 2021, the key policy rate was raised twice by 1.5 p.p. in total in order to respond to the growing inflation
- ▶ In March-May 2021, consumer inflation came out higher than had been projected previously. Inflationary pressures were generated by the rise in prices for certain foods and fuels and sustained consumer demand.

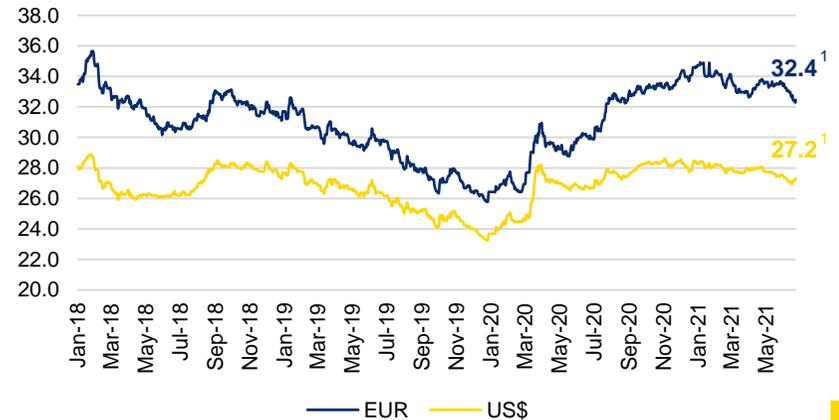
Consumer price index (CPI) change and key policy rate



CPI expectations for the following 12 months



UAH/US\$ and UAH/EUR exchange rates dynamics



Source NBU

Notes

1 As of June 24, 2021



Accumulated international reserves

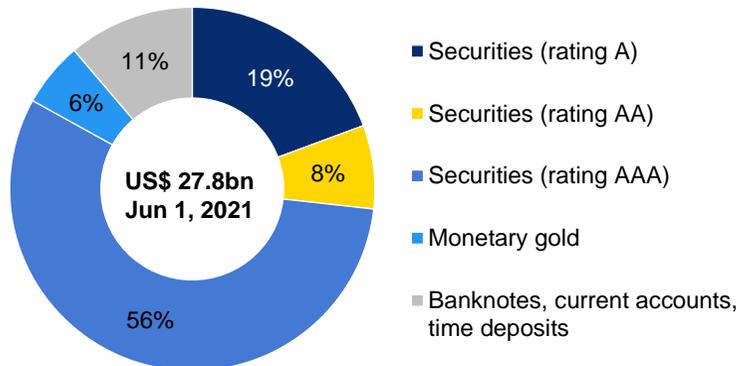
Comments

- ▶ **Gross international reserves grew by 9.7% (y-o-y) and reached US\$ 27.8bn as of June 1, 2021** (covering 4.2 months of future imports)
- ▶ Maintained **high levels of FX reserves** and **floating FX rate policy** are the most influential factors providing strong buffer for Ukraine on the back of the current crisis (vs previous ones)
- ▶ Over May 2021, the international reserves decreased on the back of new FX domestic placements (US\$ 354.3m), government transactions to repay public debt (US\$ 650.6m), and financial instruments revaluation gain (US\$ 136.8m). The interbank FX market was balanced in May, meaning the NBU did not have to make FX interventions.

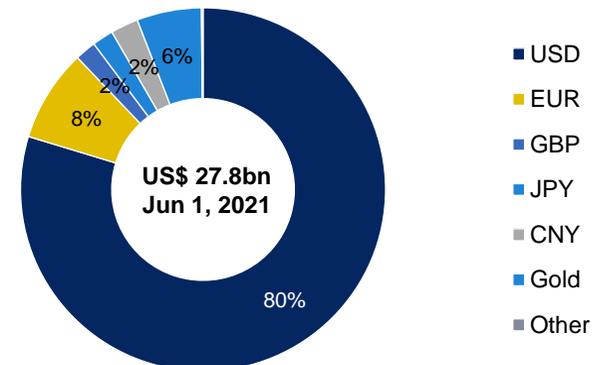
Gross and net international reserves (eop), US\$ bn



Gross international reserves by instrument (Jun 1, 2021)

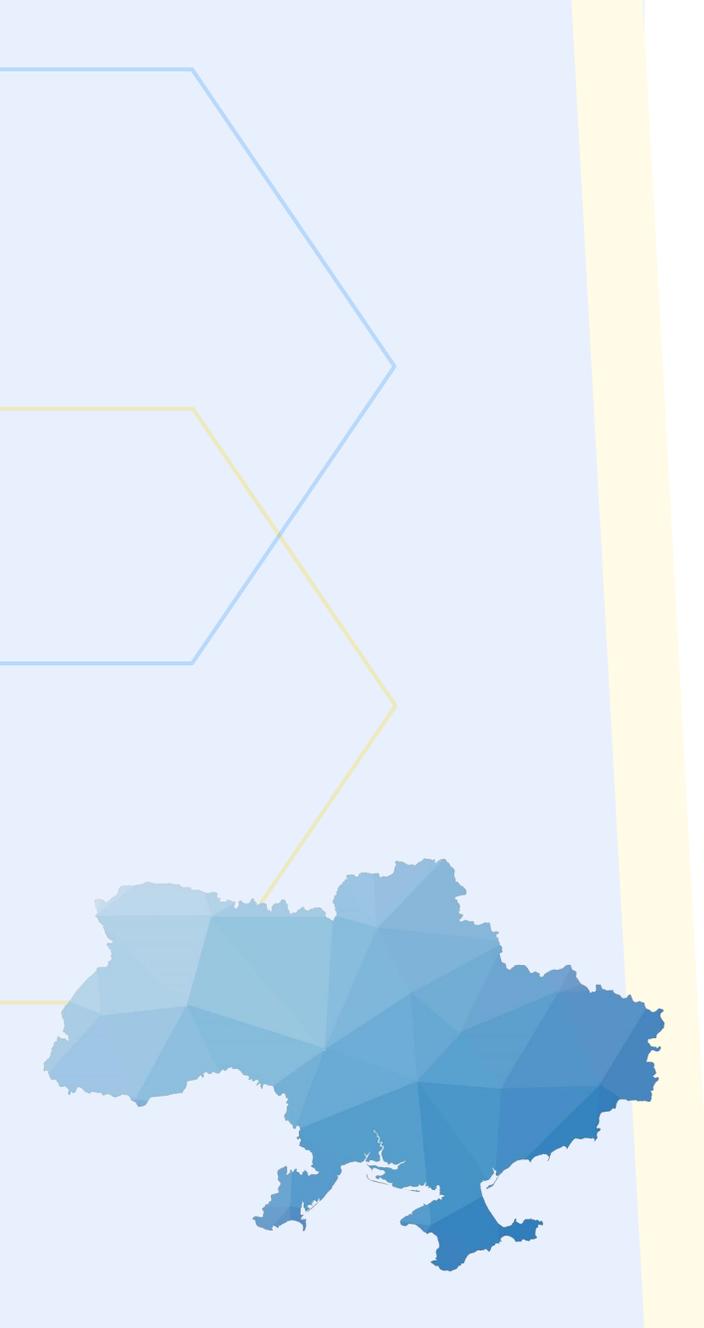


Gross international reserves by currency (Jun 1, 2021)



Source NBU



- 
- 1 Solid foundation for long-term economic growth
 - 2 Return to gradual fiscal consolidation**
 - 3 Prudent debt management strategy
 - 4 Reviving business climate and development prospects
 - 5 Strong focus on ESG considerations

2022-2024 Budget Declaration

- On May 31, the Government approved the Budget Declaration for 2022 - 2024 for the first time, and on June 2 it was submitted to the Parliament of Ukraine for consideration
- The Budget Declaration for 2022-2024 is the Government's vision of the budget policy for the medium term. The document defines the main budget indicators and the goals of the state policy with the key performance indicators

Key indicators of 2022-2024 Budget Declaration					
	2020 (Act.)	2021 (Law)	2022 (Plan)	2023 (Plan)	2024 (Plan)
Key macroeconomic assumptions					
Nominal GDP, UAHbn	4,192	4,809	5,369	5,994	6,651
Real GDP growth, %	(4.0%)	4.1%	3.8%	4.7%	5.0%
CPI (eop), %	5.0%	8.9%	6.2%	5.3%	5.0%
PPI (eop), %	14.5%	17.0%	7.8%	6.2%	5.7%
Unemployment rate, %	9.5%	9.2%	8.5%	8.0%	7.8%
Trade deficit, USDbn	(1.8)	(6.2)	(8.6)	(10.6)	(12.1)
NBU's key policy rate (eop), %	6.0%	7.5%	7.0%	5.5%	5.2%
UAH/USD (avg)	27.0	28.0	28.6	28.8	29.2
Key state budget indicators, UAHbn					
(i) Revenues	1,076.0	1,097.5	1,219.6	1,333.2	1,451.6
as % of GDP	25.7%	22.8%	22.7%	22.2%	21.8%
(ii) Expenditures	1,288.1	1,335.2	1,394.2	1,497.0	1,614.1
as % of GDP	30.7%	27.8%	26.0%	25.0%	24.3%
(iii) Net lending	5.5	9.0	13.5	16.0	17.1
as % of GDP	0.1%	0.2%	0.3%	0.3%	0.3%
Overall state budget deficit	217.6	246.6	188.0	179.8	179.6
as % of GDP	5.2%	5.1%	3.5%	3.0%	2.7%

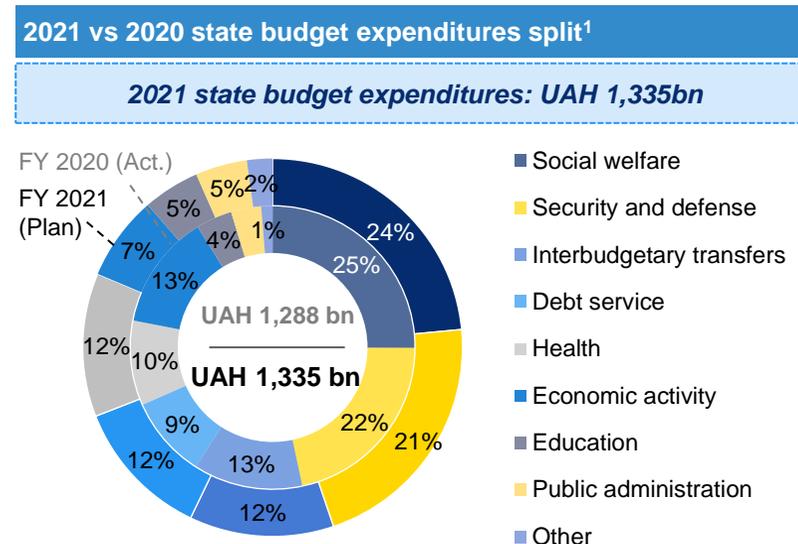
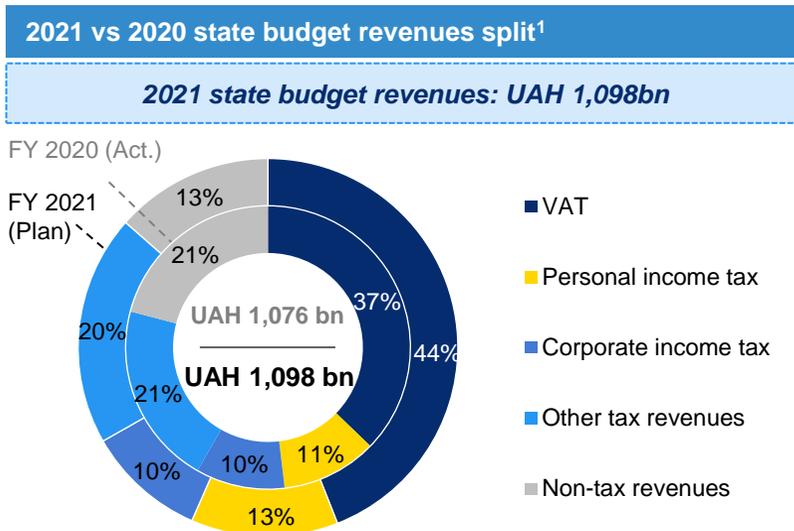
Source Ministry of Finance of Ukraine



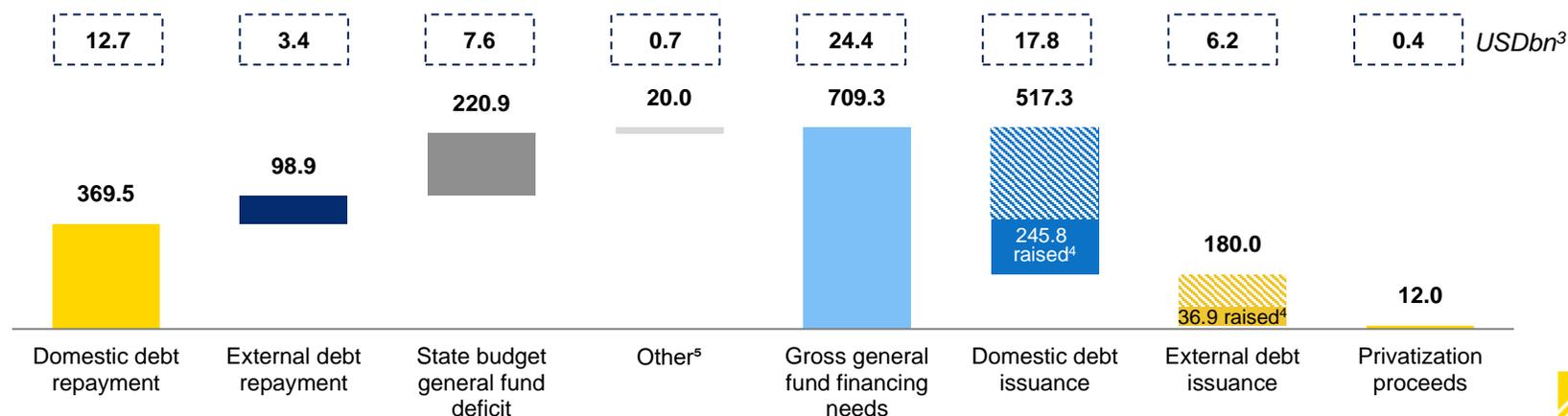
2021 state budget to resume gradual fiscal consolidation

Key indicators of 2021 State budget:

- Total revenues: **UAH 1,098bn** (+2%)
- Total expenditures: **UAH 1,335bn** (+4%)
- Budget deficit²: **UAH 246.6bn / 5.1% of GDP in 2021** (per government's forecast of UAH 4,809bn GDP in 2021)



2021 State Budget Law: general fund financing, UAHbn



Notes

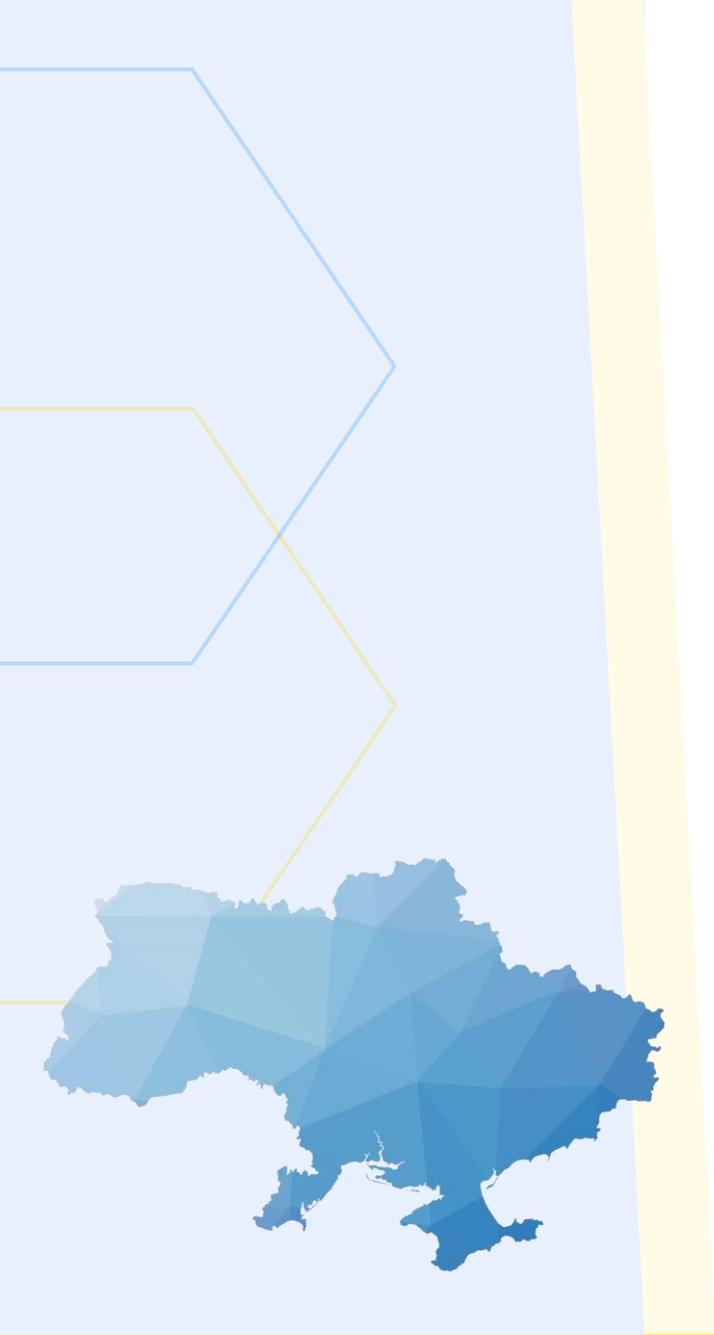
- According to State Budget Law 2021 (as of May 2021) and Actual Annual State Budget Execution 2020
- Budget deficit defined as revenues minus expenditures and minus net lending
- Translated at the 2021 budgeted avg 29.1 UAH per 1 USD
- As of June 29, 2021



Jan-May 2021 state budget execution

UAH m	Jan-May 2020	Jan-May 2021	% diff.
Revenues	314,847	476,169	+51%
Tax revenues, incl.	239,570	402,576	+68%
Personal income tax and income charge	36,625	51,310	+40%
Corporate profit tax	35,451	62,464	+76%
Fee for the use of mineral resources	9,264	20,729	+124%
Excises	36,836	57,420	+56%
VAT (net of VAT reimbursement)	111,889	194,495	+74%
Export and Import duties	8,485	14,178	+67%
Non-tax revenues	75,277	73,593	(2%)
Expenditures	(340,116)	(509,428)	+50%
General public functions, incl.:	(53,039)	(82,317)	+55%
Debt service	(41,078)	(65,534)	+60%
Security and Defense	(70,889)	(102,724)	+45%
Economic activity	(16,456)	(33,397)	+103%
Protection of environment	(1,083)	(1,527)	+41%
Healthcare	(14,948)	(62,267)	+317%
Intellectual and physical development	(2,098)	(3,969)	+89%
Education	(15,549)	(23,076)	+48%
Social welfare	(113,055)	(143,567)	+27%
Interbudgetary transfers	(52,993)	(56,579)	+7%
Net lending	961	(452)	(147%)
Primary state budget balance	16,770	31,823	+90%
Overall state budget balance	(24,308)	(33,711)	+39%

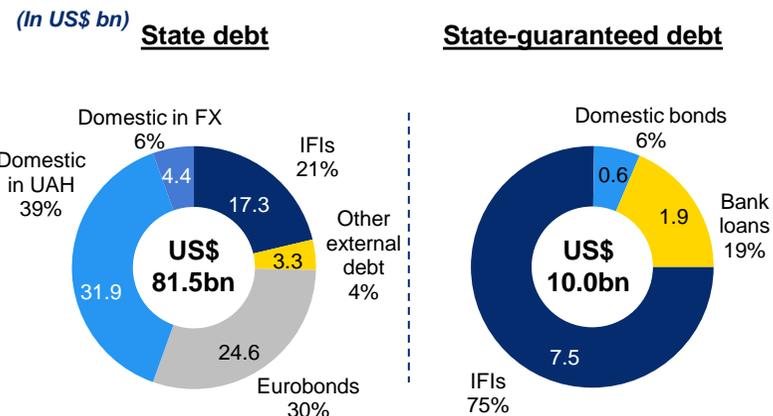




- 1 Solid foundation for long-term economic growth
- 2 Return to gradual fiscal consolidation
- 3 Prudent debt management strategy**
- 4 Reviving business climate and development prospects
- 5 Strong focus on ESG considerations

Prudent and proactive debt management strategy

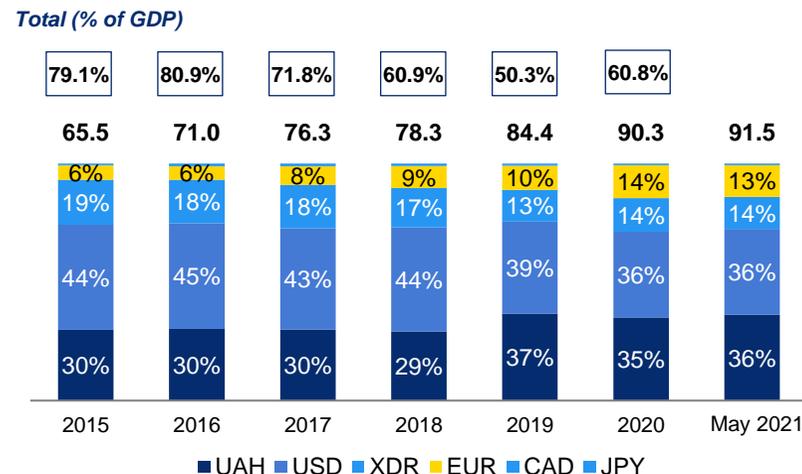
State and state-guaranteed debt structure (end-May 2021)



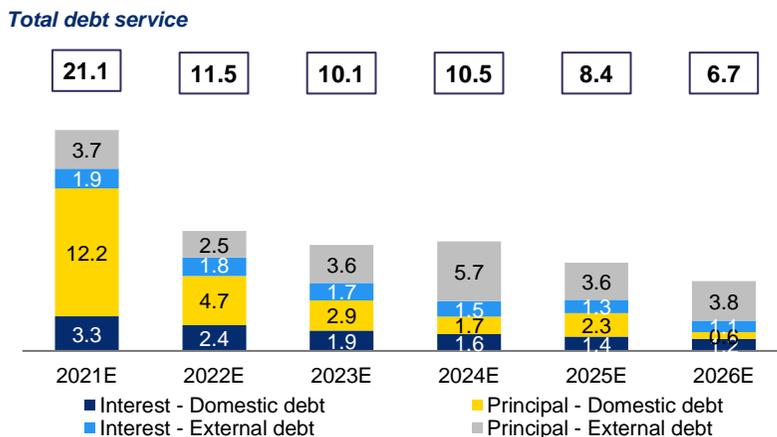
As of end-May 2021, Ukraine's total state and state-guaranteed debt (US\$ 91.5bn / UAH 2,517bn) split between:

- 59% of external debt, 41% of domestic debt
- 89% of state debt, 11% of state-guaranteed debt

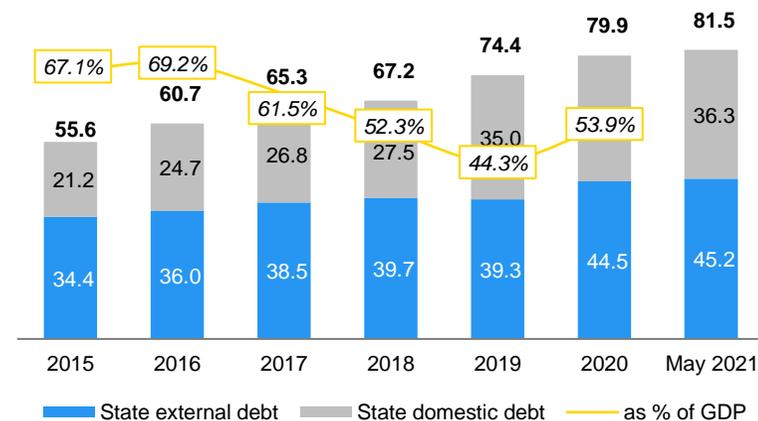
State and state-guaranteed debt by currency, US\$ bn



State debt amortization schedule (01.06.2021)¹, US\$ bn



State debt dynamics, US\$ bn



Notes

¹ Incl. outstanding debt obligations only

Source Ministry of Finance



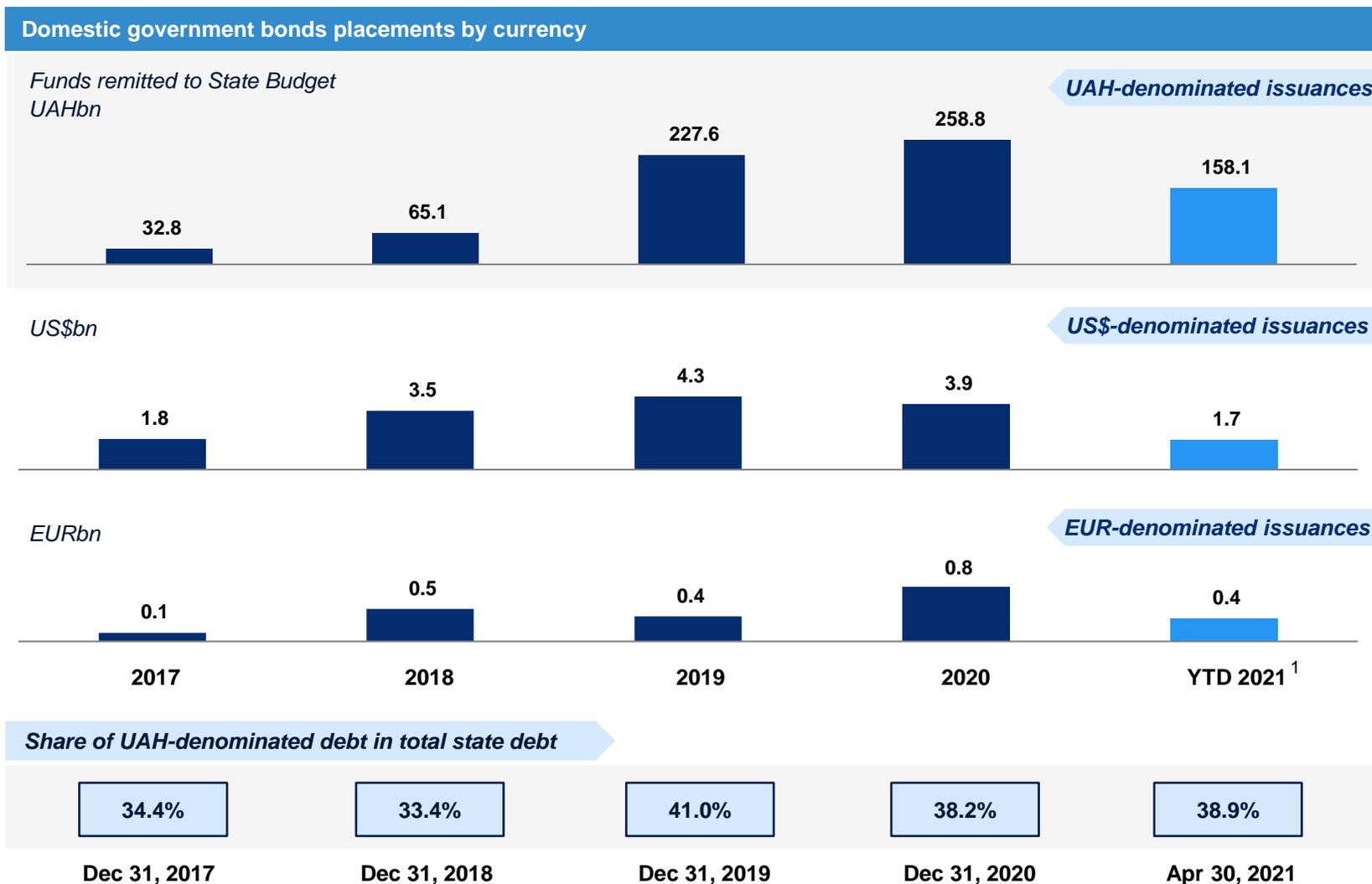
Switching focus to UAH-denominated issuances on domestic market

- **UAH-denominated issuances grew at 98% CAGR over 2017-2020**

- After major 3.4x 2019 y-o-y volume increase, 2020 saw further growth of 13% y-o-y in UAH-denominated securities

- YTD 2021 kept the positive growth tendency with a major increase of 62% y-o-y for UAH-denominated issuances

- In line with MTDS objectives, **FX-denominated issuances are kept relatively stable**



Notes
1 As of June 29, 2021

Source Ministry of Finance

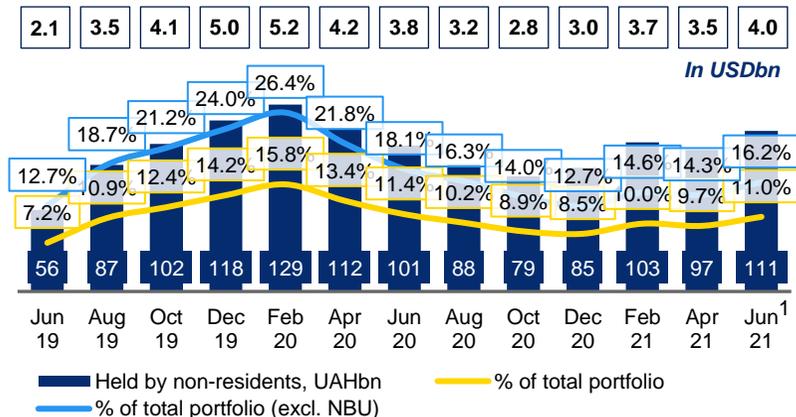


Ukraine's domestic government bond holders

Key highlights

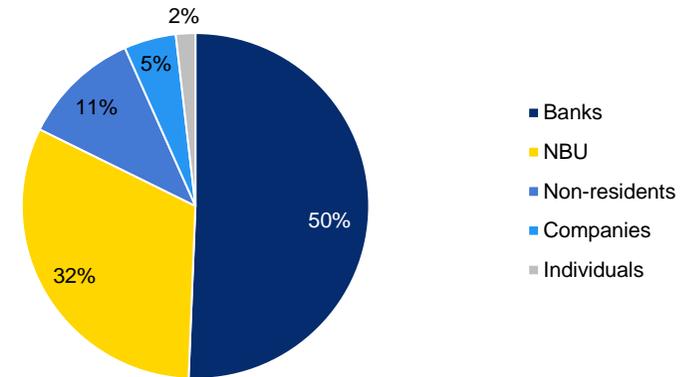
- ▶ With a **c.50% share**, banks are currently the largest holder of domestic government bonds followed by the **NBU**, which accounts for **c.32% of the portfolio**¹
- ▶ At c.11% of total outstanding Ukrainian domestic government bonds as of June 2021¹, the **portfolio held by non-residents has recently returned on its upward trajectory** (after Mar-Nov 2020 decline in line with the EM's capital outflow)
- ▶ **Ukraine is making consistent steps to deepen domestic government bond market** and to **increase share of non-residents in local currency bonds portfolio**
 - A link between Clearstream, the international central securities depository, and the depository of the NBU active since May 2019 ensuring streamlined access to Ukraine's domestic government bond market

Domestic government bonds held by non-residents (eop)

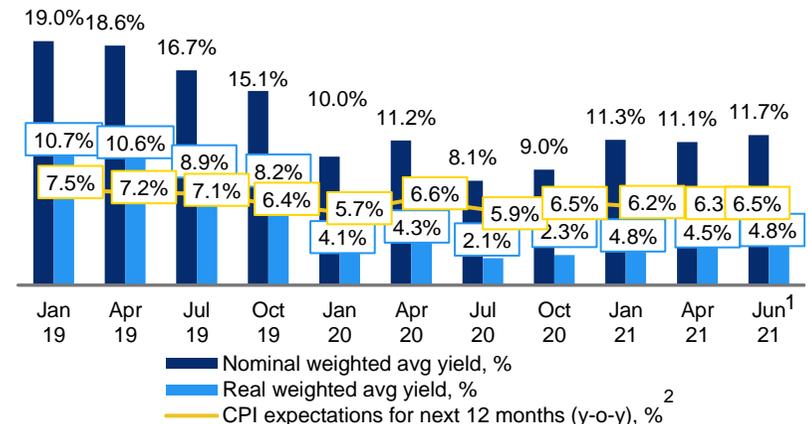


Source Ministry of Finance, NBU

Domestic government bond holders¹



Nominal and real weighted avg yields at primary auctions, %



Source Ministry of Finance of Ukraine, NBU

- On August 28, the NBU has eliminated obstacles for foreign investors to enter the Ukrainian securities market through establishment of the **direct access to the purchase and sale of government bonds with the help of a "nominee holder"**
- From now on Ukrainian banks that have accounts with the NBU depository will be able to open depot accounts for its foreign clients for the purpose of buying and selling Ukrainian government bonds

Notes

- 1 As of June 29, 2021
- 2 According to NBU's survey about inflation expectations of financial analysts for the next 12 months



Pipeline of official concessional external financing

Combined with a proactive response to Covid-19 economic fallout, **Ukraine managed to secure a range of concessional financing** from its international partners to **cover significant portion of external financing needs for 2020-2021**

Partner	Programs	Pipeline financing
International Monetary Fund 	<ul style="list-style-type: none"> ▶ On June 9th 2020, IMF Executive Board approved 18-month Stand-By Arrangement (SBA) for Ukraine, under which US\$ 2.1bn (SDR 1.5bn) was disbursed immediately ▶ The total amount of program is US\$ 5.1bn (SDR 3.6bn) that will be directed towards support of balance of payments and budget to help address the effects of Covid-19 while moving forward important structural reforms 	US\$ 3.0bn¹
European Union  	<ul style="list-style-type: none"> ▶ EUR 1.2bn MFA program for Ukraine was adopted within EUR 3.0bn support package to neighboring partners in May 2020. The first EUR 623.5m tranche has been provided on December 9, 2020. The second tranche of EUR 600m is conditional upon reforms in such areas as public finance management, good governance and the rule of law ▶ Since 2014, the EU has approved EUR 5.0bn in MFA support for Ukraine, o/w EUR 3.3bn were disbursed during 2014-2018, EUR 1.1bn in 2020, and EUR 0.6bn are expected in 2021 ▶ In addition, various European institutions provide significant financial support for Ukraine, e.g. EUR 340m from the EIB within “Early Recovery Programme” 	EUR 0.6bn
World Bank  WORLD BANK GROUP	<ul style="list-style-type: none"> ▶ On June 25, 2021, the World Bank and the government have signed US\$ 350m agreement aimed at economic development during COVID-19, social support to vulnerable groups and strengthening of state institutions ▶ On May 6, 2021, the World Bank approved a US\$ 200m project to support efficiency, quality, and transparency of higher education system in Ukraine ▶ On December 11, 2020 the institution has approved US\$ 300m loan to the state budget general fund within the Second Additional Financing for COVID-19 Response under the Social Safety Nets Modernization Project 	US\$ 0.55bn
Total amount of envisaged external financing from the official partners		c.US\$ 4.3bn

Notes

¹ Translated from SDR to US\$ based on 1.4424 US\$ per 1 SDR IMF exchange rate as of June 25, 2021



B / Stable credit rating affirmed by both Fitch and S&P

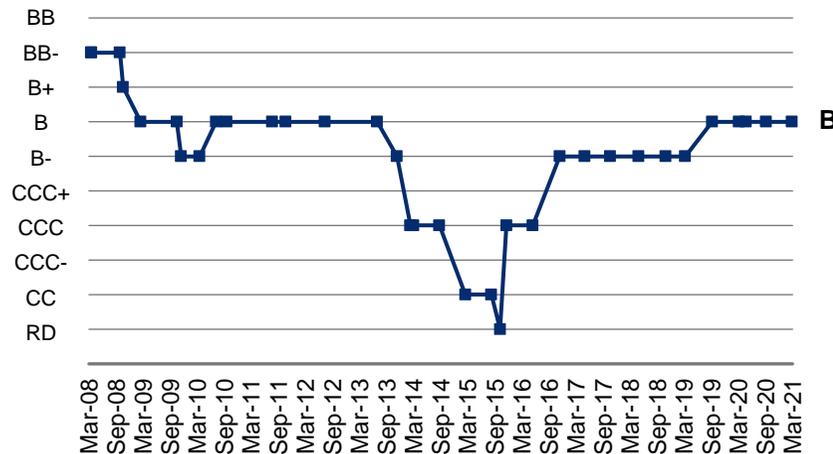
FitchRatings

Rating: B, Stable

Last update: Feb 26, 2021, reaffirmed at B, outlook Stable

Key rating drivers of the last review:

- ▶ Track record of multilateral support and a credible macroeconomic policy framework that has underpinned a relatively high degree of resilience to the coronavirus shock
- ▶ Expectations for gradual fiscal consolidation and continuation of macroeconomic policies
- ▶ Human development indicators compare favorably with the peer group, a net external creditor position of close to 13% of GDP, and general government debt is somewhat lower than the 'B' median



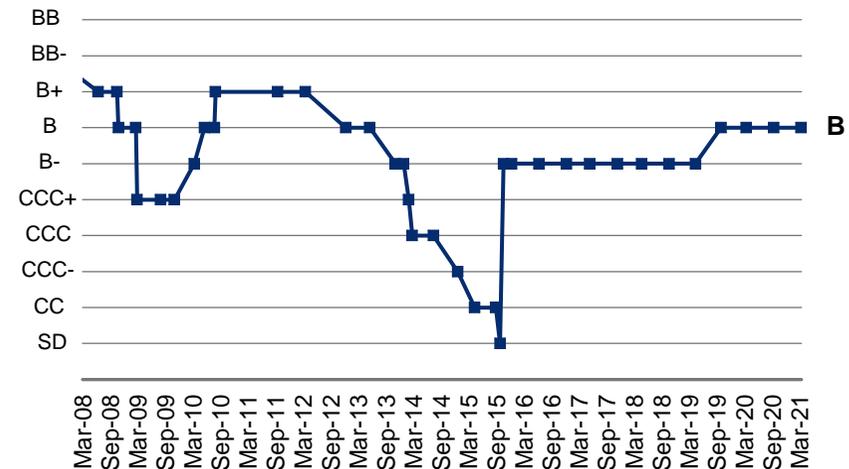
S&P Global

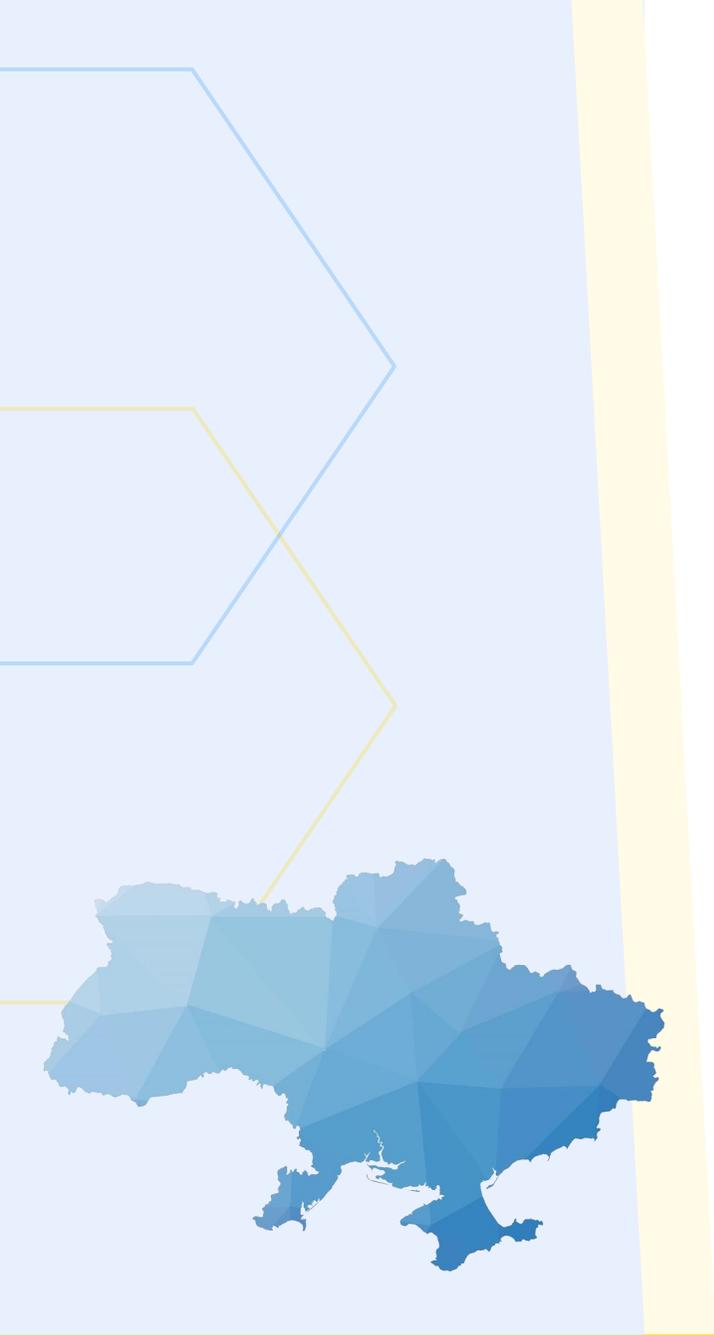
Rating: B, Stable

Last update: Mar 12, 2021, reaffirmed at B, outlook stable

Key rating drivers of the last review:

- ▶ Ukraine's growth, balance of payments, and public finances all outperformed the expectations in 2020
- ▶ Reserve adequacy has improved, providing a cushion against potential adverse external developments including further delays in the disbursement of concessional loans
- ▶ Stronger macroeconomic management since 2015 and augmented foreign exchange (FX) reserves
- ▶ The ongoing implementation of reforms helps the government access commercial debt markets and receive concessional funding from international financial institutions (IFIs)

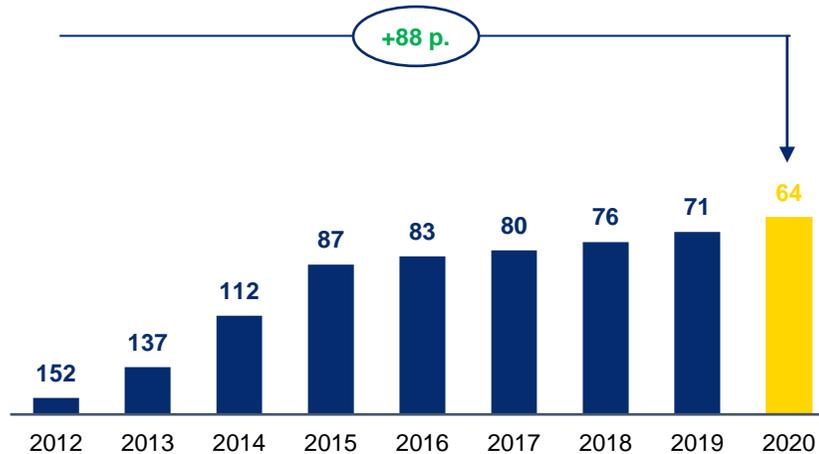




- 1 Solid foundation for long-term economic growth
- 2 Return to gradual fiscal consolidation
- 3 Prudent debt management strategy
- 4 Reviving business climate and development prospects**
- 5 Strong focus on ESG considerations

Business climate improvement to accelerate growth potential

Ease of Doing Business ranking

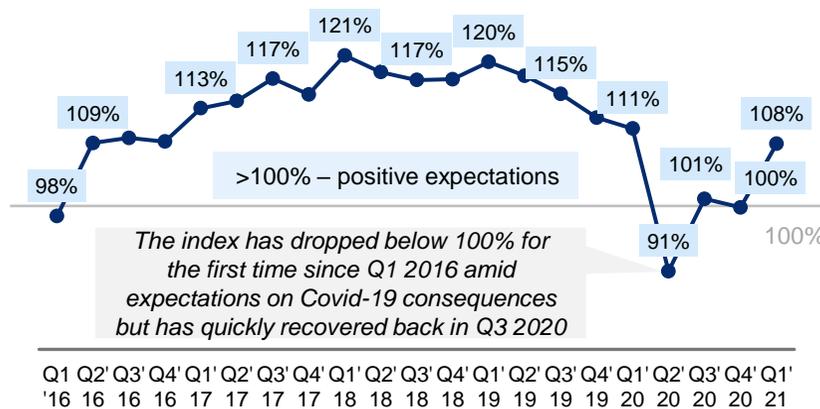


Source Doing Business

Ukraine's selected pillars in 2020 global ranking

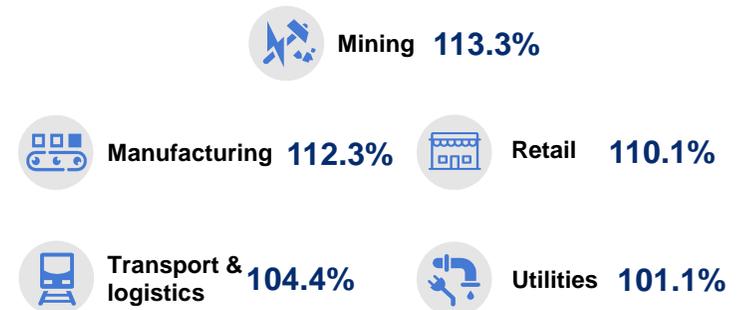


Business expectations index by the NBU



Source NBU

Q1 2021 expectations by industry



Seizing crisis opportunity for agri exports

Overall Ukraine concluded 19 FTAs with 46 countries

- 2001 FTA with Macedonia
- 2008 Ukraine entered WTO
- 2012 FTA with EFTA countries
FTA with Montenegro
- 2013 FTA with CIS countries
- 2017 DCFTA with the EU
FTA with Canada
- 2020 FTA with Israel, United Kingdom

Comments

- ▶ Reinforced by Covid-19, the global demand for basic goods, such as agri and food, remains stable
- ▶ This provides Ukraine an opportunity to elevate basic goods exports to large and developed economies amidst crisis
- ▶ Most of such trade connections have already been set up and developed with conclusion of an increasing number of FTAs while Ukraine has undergone a major shift in trade flows towards the EU market in recent years
 - **The EU's share** in Ukraine's foreign trade turnover (goods) went up **from 35% in 2015 to 38% in 2020**
 - **DCFTA (in full force since September 2017)** provides further opportunities in the EU markets

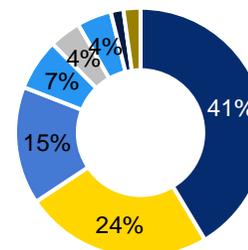
4m 2021 y-o-y increase in export of goods by countries²

 Czech Rep. / +84.1% USD 431m	 China / +57.3% USD 2,789m
 Germany / +50.4% USD 842m	 USA / +42.9% USD 420m
 Turkey / +41.3% USD 1,211m	 Poland / +40.3% USD 1,460m
 Romania / +33.9% USD 465m	 India / +30.6% USD 713m

Source State Statistics Service of Ukraine

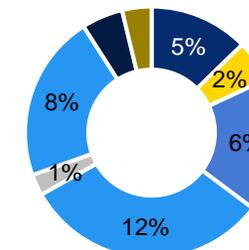
Ukraine's exports and imports breakdown¹ in 4m 2021

Exports



- Agricultural products
- Mineral products
- Timber and wood products
- Industrial goods

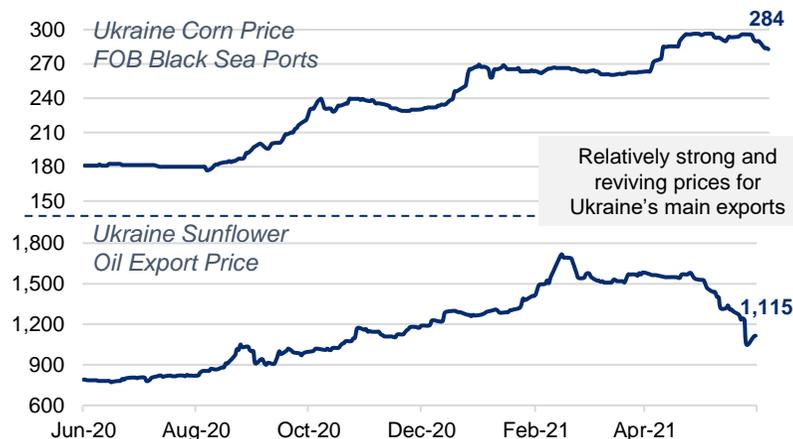
Imports



- Ferrrous and nonferrous metals
- Machinery and equipment
- Chemicals
- Other (incl. informal trade)

Source National Bank of Ukraine

Ukraine's export prices on selected agri goods (US\$ / t)

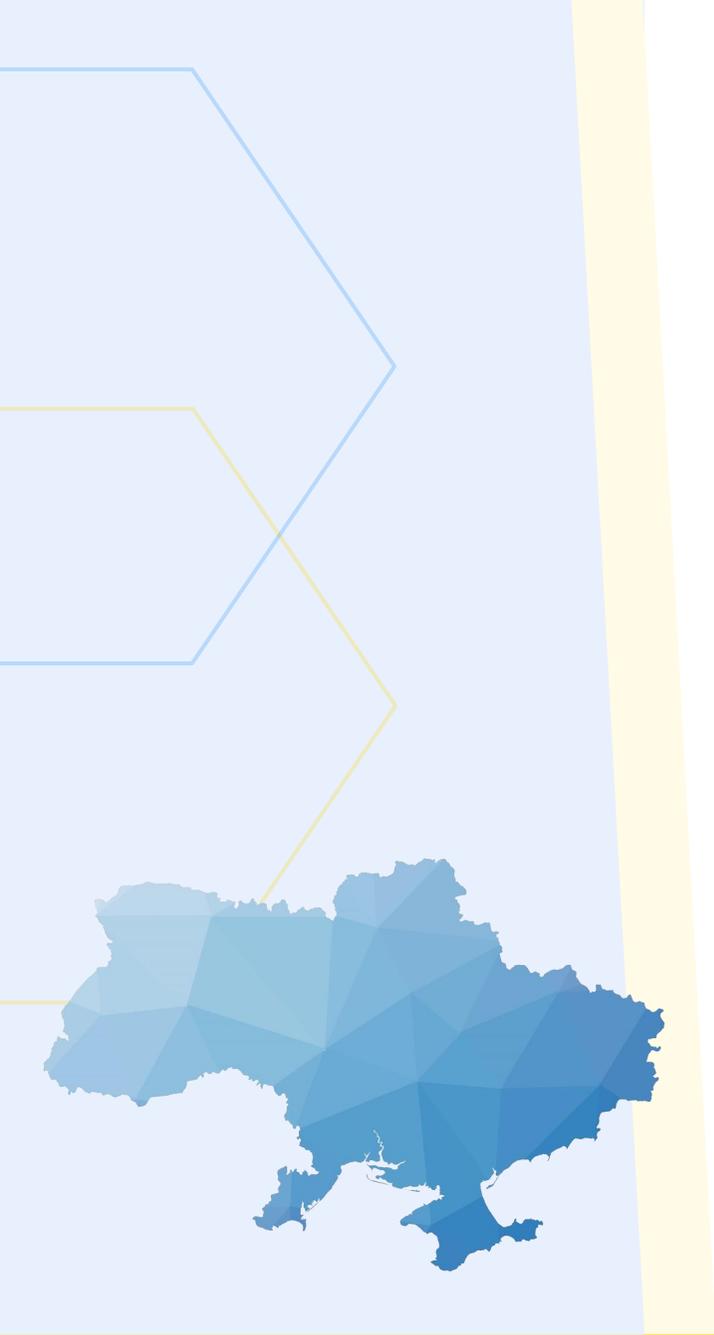


Source Bloomberg, as of June 24, 2021

Notes

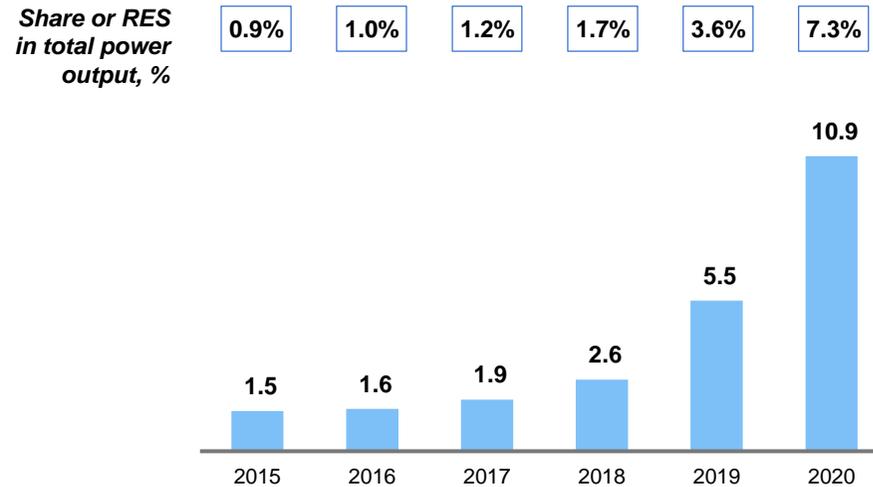
- 1 Export and import of goods breakdown
- 2 Only countries, exports of goods to which in 4m 2021 surpassed 2.0% of total Ukraine's export of goods were included



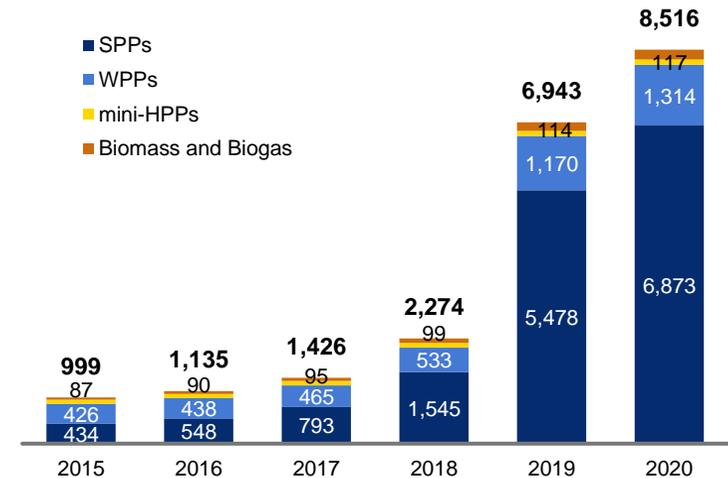


- 1 Solid foundation for long-term economic growth
- 2 Return to gradual fiscal consolidation
- 3 Prudent debt management strategy
- 4 Reviving business climate and development prospects
- 5 **Strong focus on ESG considerations**

Electricity production from RES, TWh



RES installed capacity dynamics as of eop, MW



Key environmental initiatives / commitments

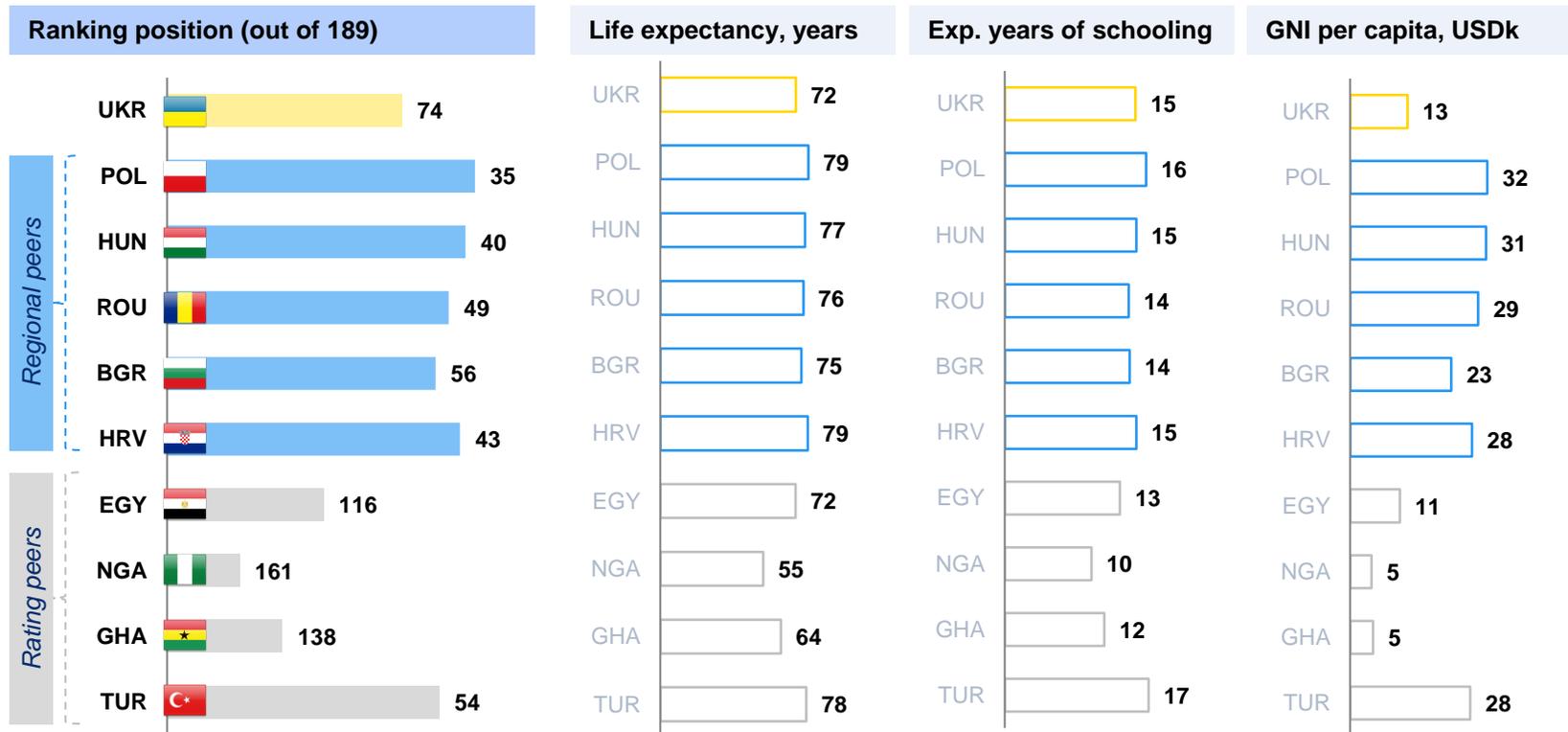
- ▶ **2014:** Ukraine committed to Environmental standard aligned on EU standards as part of the EU-Ukraine Association Agreement
- ▶ **2015:** Ukraine committed itself to achieving a range of policy targets attached to the **UN Sustainable Development Goals (SDGs)**
- ▶ **2016:** Ukraine signed the **Paris agreement** in April (which commits Ukraine to ensuring that greenhouse gas emissions in 2030 will not exceed 60% of the 1990 emissions level) and ratified it in September
- ▶ **2017:** the government adopted the **Energy Strategy of Ukraine until 2035**. It outlines measures to: (i) reduce greenhouse gas emissions, and (ii) restructure the coal sector to reduce its environmental impact
- ▶ **June 2020:** Government signs Memorandum with green energy producers
- ▶ **August 2020:** IFC Partnered with Ukraine's National Securities and Stock Market Commission to Boost Green Finance. The SAEЕ¹ developed a draft Concept for the implementation of a green bond market in Ukraine

Sources SAEЕ, Ministry of Energy of Ukraine



UNPD Human Development Index 2020

- Ukraine belongs to **High Human Development group** within **UNDP HDI** (which is also used by selected credit rating agencies) and demonstrates consistent improvement since 2015
- While life expectancy and education indices perform relatively in line with the regional peers and generally overperform rating peers, the income measure, GNI per capita, is the one pulling the country's ranking down



▶ In order to further enhance the country's human capital, both education and healthcare sectors are currently undergoing reforms with the following key priorities:

- Education:** (i) affordable and quality pre-school education, (ii) New Ukrainian School, (iii) modern professional (vocational) education, (iv) quality higher education and development of adult education, (v) development of science and innovation
- Healthcare:** (i) implementation of the new financing mechanism "money follows the patient", (ii) introduction of "family" doctors, (iii) primary care, palliative care, and emergency medical care 100% funded by the state, (iv) new methods for procuring and distributing vaccines, (v) new licensing and educational standards for doctors, etc.

Sources UNDP, Ministry of Education and Science of Ukraine, Ministry of Health of Ukraine

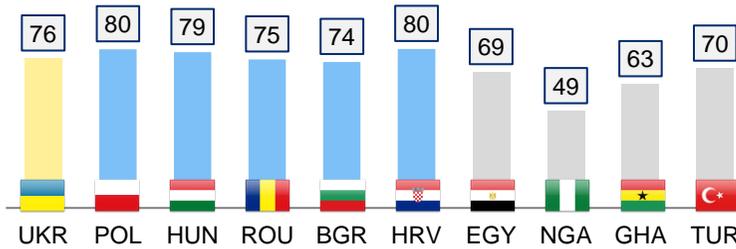


Ukraine vs peers in governance ratings

Sustainable Development Goals Index 2021



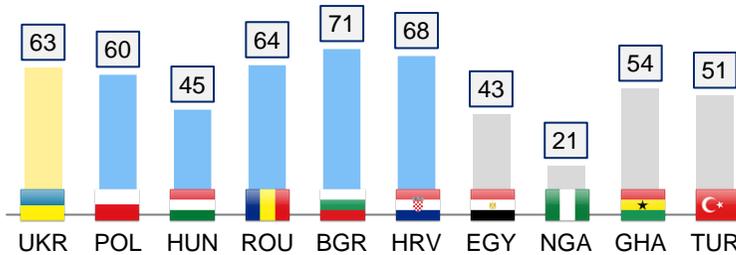
- ▶ Rating: 0 (worst) to 100 (best)
- ▶ Analyzes country's performance within 17 goals



Open Budget Index 2019



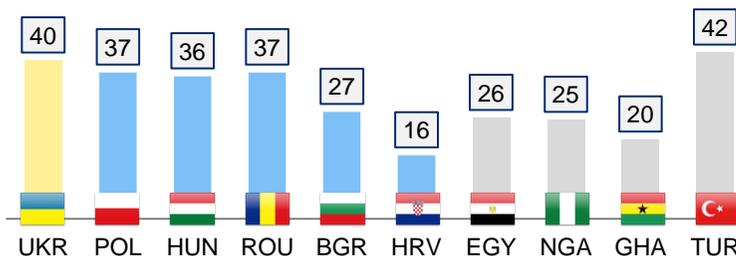
- ▶ Rating: 0 (worst) to 100 (best)
- ▶ Analyzes country's budget transparency



Investor Relations Index 2020



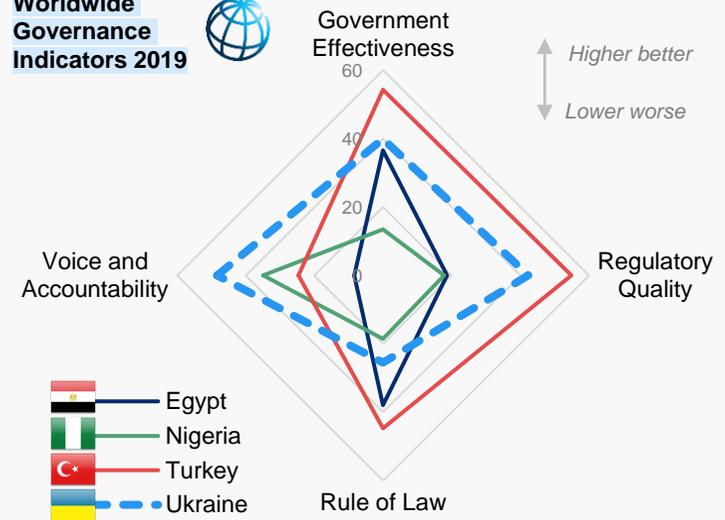
- ▶ Rating: 0 (worst) to 42 (best)
- ▶ Analyzes country's investor relations function



Sources U.S. Department of State, World Bank, UN, TPPR, International Budget Partnership, IIF

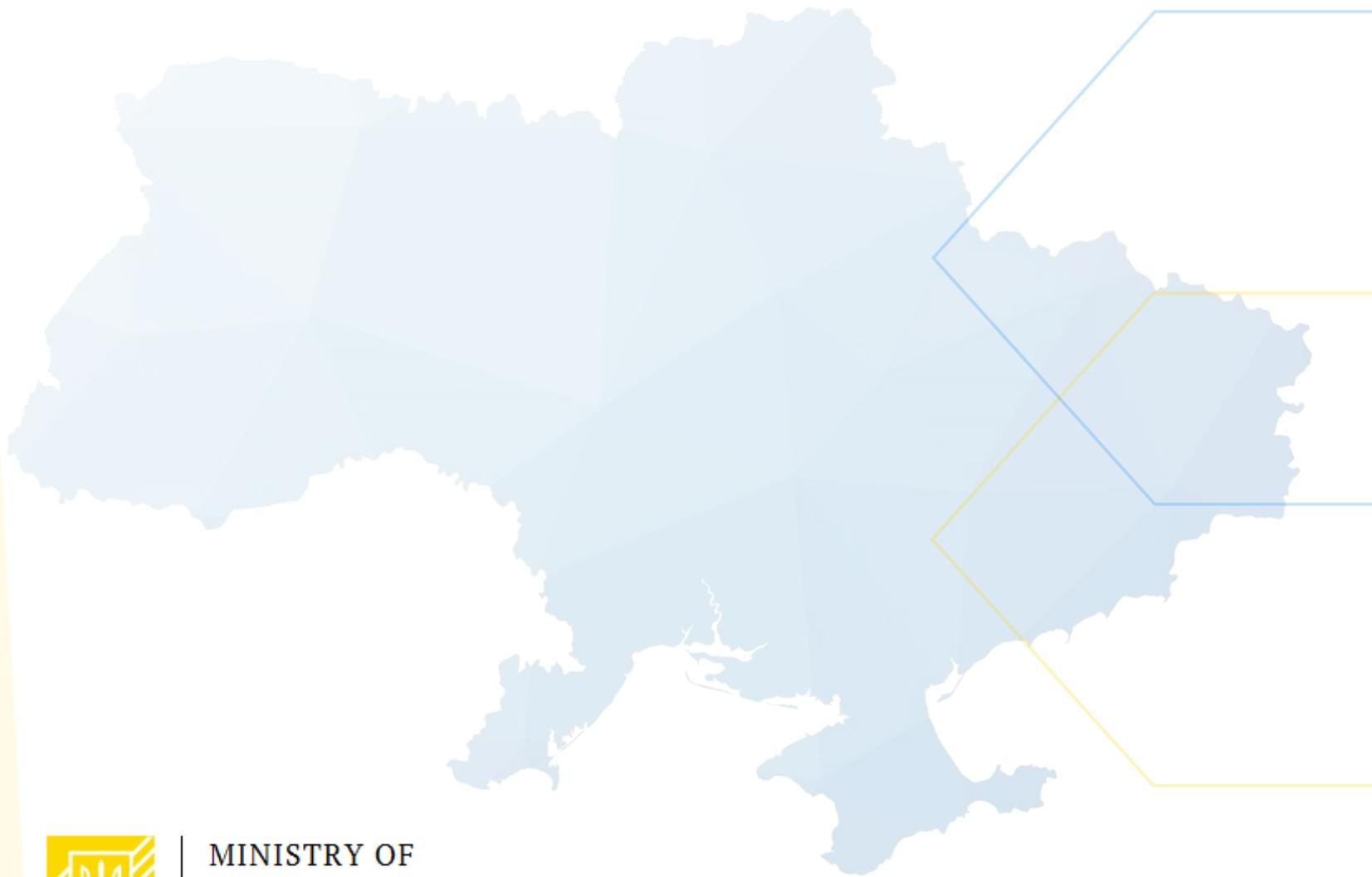
WGI and other developments on governance

Worldwide Governance Indicators 2019



- ▶ **Worldwide Governance Indicators (WGI)** are published by the World Bank and constitute an important basis for sovereign credit ratings
 - Ukraine performs in line with its rating peers demonstrating relatively solid performance in Voice and Accountability, Government Effectiveness and Regulatory Quality pillars
- ▶ Besides the mentioned indices, Ukraine has also topped **Transparent Public Procurement Rating** in 2019 (among 31 countries) and was highly appraised with regard to the fiscal transparency in the **U.S. 2020 Fiscal Transparency Report**





**MINISTRY OF
FINANCE OF
UKRAINE**

