



MINISTRY OF
FINANCE OF
UKRAINE

Macroeconomic outlook

No.4, April 2019



HIGHLIGHTS

- **Real GDP growth** in 2018 increased by 3.3%, which is the highest growth rate over recent seven years. It is estimated to grow in the first quarter of 2019: thus, GDP is growing for 13 consecutive quarters.
- **Current recovery is supported by increase in domestic demand.** Real gross fixed capital accumulation in 2018 was by 10% higher than in 2013 before the crisis and the war.
- **The performance of real sectors in the first two months of 2019 was diverse.** On the one hand, industrial production contracted by 2.5% yoy and wholesale trade fell by 5.7% yoy. On the other hand, construction surged by 16.8% yoy, retail trade turnover and transport increased respectively by 6.8% yoy and 3.9% yoy. Agriculture increased by 3.2% yoy. Aggregated index of industrial sectors (MoF's estimates) reduced by 0.3% yoy.
- **Fiscal consolidation and tight monetary policy** supported macroeconomic stability, slowdown in inflation and FX stability.
- In February, **current account balance was negative due to increase in imports** (largely attributed to imports of cars by 2,5 times against the background of privileged custom clearance of cars on international registration).
- **Key risks** for economic development include political uncertainty in Ukraine and intensification of war in the East of Ukraine as well as external factors like trade war between USA and China, tight monetary policy of the FRS.



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Key macroeconomic indicators



KEY MACROECONOMIC INDICATORS FOR UKRAINE IN 2016-2019

Indicator	2016	2017	2018					2019
			I Q	II Q	III Q	IV Q	Jan-Dec	Jan-Feb
Nominal GDP, UAH bn	2385,4	2983,9	705,0	810,8	994,9	1048,0	3558,7	X
Real GDP, change, %	2,4	2,5	3,3	3,8	2,8	3,5	3,3	X
CPI, % yoy in December	112,4	113,7	113,7 ¹	111,5 ¹	108,9 ¹	109,7 ¹	109,8	109,0
PPI, % yoy in December	135,7	116,5	119,2 ¹	116,4 ¹	118,9 ¹	115,8 ¹	114,2	110,3
Agricultural production, change, %	6,3	-2,2	-0,5	11,4 ²	4,9 ²	7,8 ²	7,8	3,2
Retail trade turnover, change, %	4,3	6,5	7,6	6,2 ²	5,5 ²	6,1 ²	6,1	6,8
Average monthly wage, UAH	5183	7104	7974	8781	9063	9648	8865	9429
Real wage, % yoy in December	9,0	19,1	10,9 ³	13,3 ³	14,5 ³	11,7 ³	12,5	10,7 ⁴
ILO unemployed, % of economic activity population (15-70 years old)	9,3	9,5	9,7	8,3	8,0	9,3	8,8	X
Current account balance, USD bn	-1,3	-2,4	-0,5	-0,01	-2,9	-1,0	-4,5	0,15
Exports of goods and services, % yoy	-3,9	17,1	8,6	14,8	6,3	7,4	9,7	7,8
Imports of goods and services, % yoy	4,5	19,2	12,6	14,4	17,7	9,2	12,5	7,5

¹ in the calculation of the quarter to the corresponding quarter of the previous year

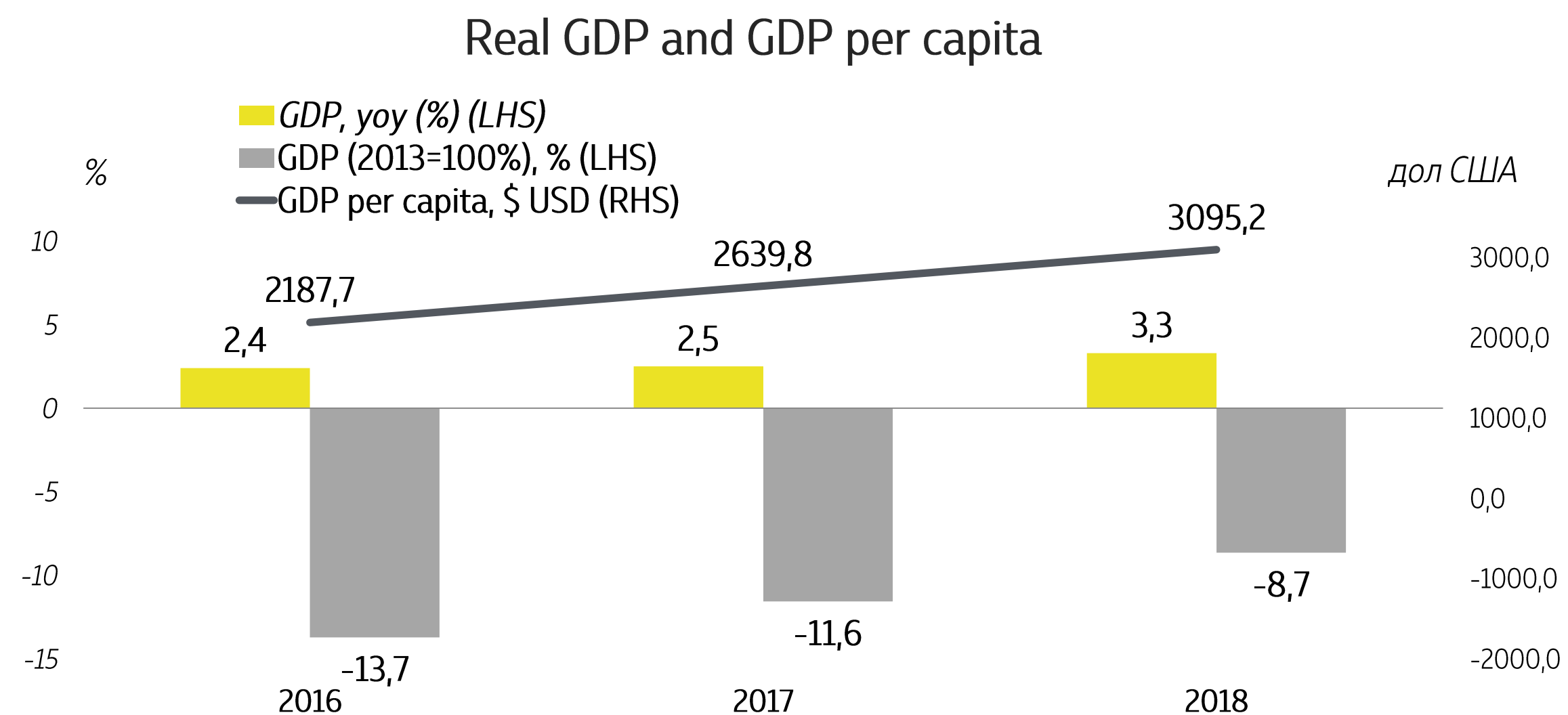
² cumulative data

³ an assessment of the Ministry of Finance on the basis of the State Statistics Committee's quarterly reports

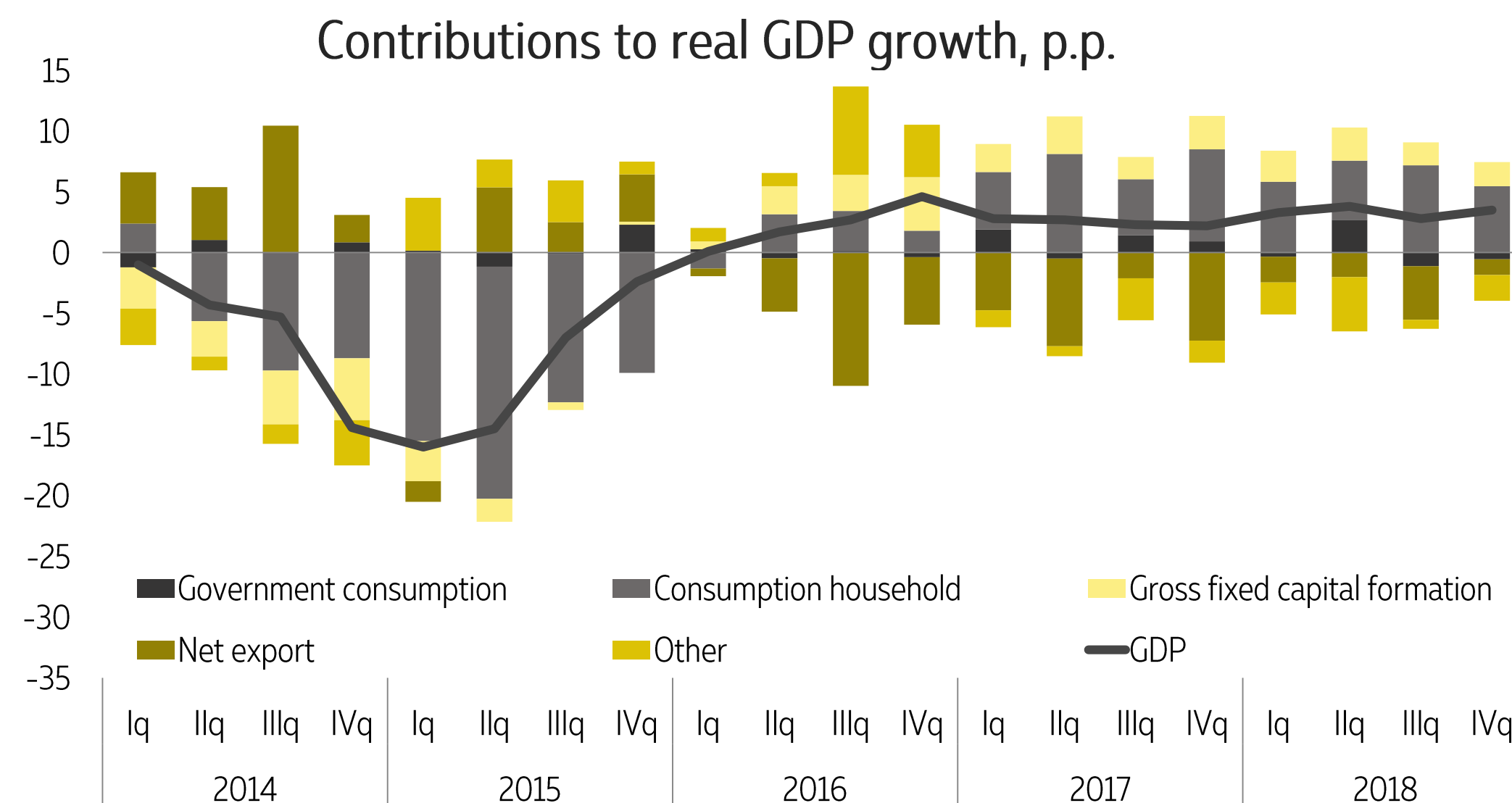
⁴ data for February to February of the previous year



REAL GDP GROWTH IN 2018 WAS ABOVE THE FORECAST



Source: Ukrstat, World Bank, calculations of the MoF



Source: Ukrstat, calculations of the MoF

According to the Ukrstat, real GDP in 2018 increased by 3,3% (as compared to the official forecast with growth at 3%, which was used as a base for the budget). As in 2017, real private final consumption and investments made positive contribution to the growth:

- **Positive contribution for real private final consumption to GDP growth reached 5,9 p.p.** (consumption increased by 8.9% yoy) due to higher disposable income of households, improved consumer confidence, higher remittances, and increase in consumption crediting.
- **Positive contribution of real gross fixed capital accumulation totaled 2.3 p.p.** (it increased by 14.3% yoy) due to improved business expectations, improved financial situation of companies, higher capital outlays by the state on the background of need for modernization and investments into infrastructure;

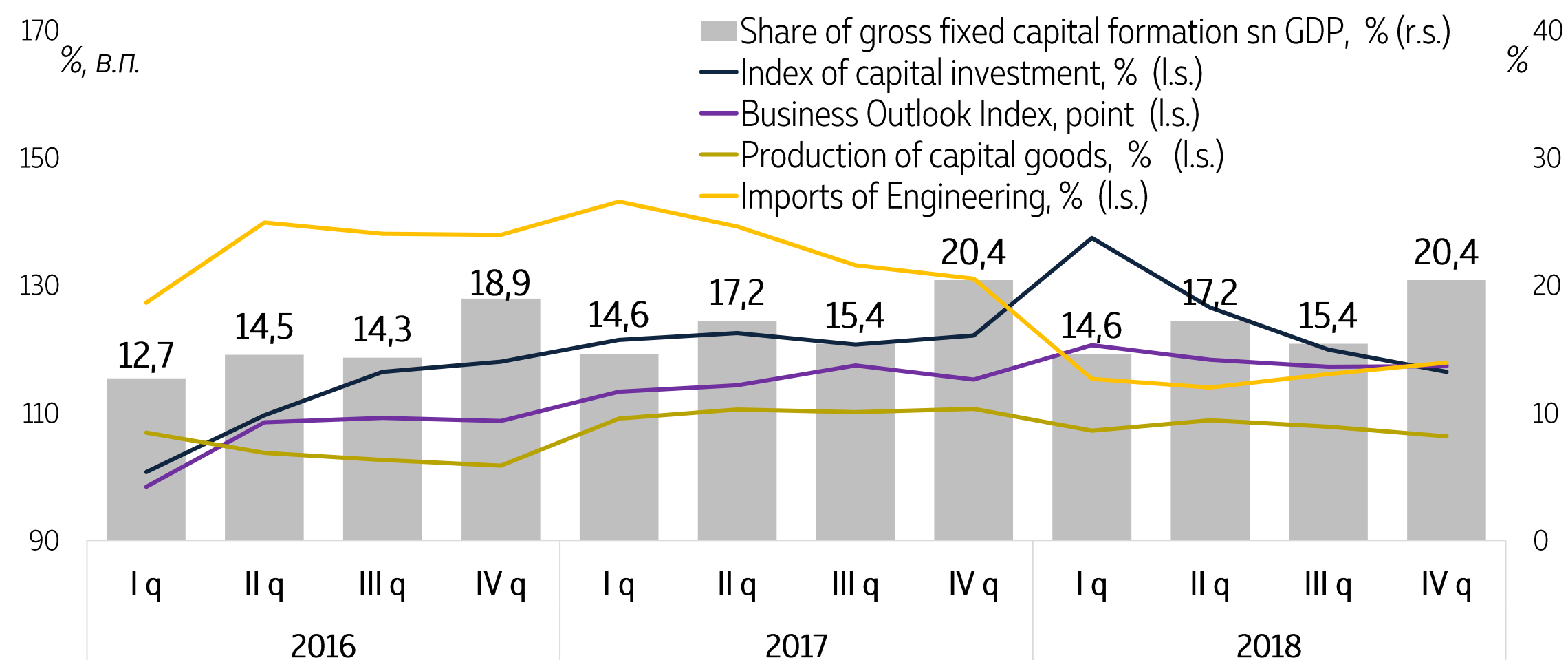
Negative contribution of real net exports to GDP growth in 2018 totaled 2.6 p.p. (real exports declined by 1.6%, while imports increased by 3.2).

On the production side, sectors with largest growth rates included financial and insurance sector (by 12.4%), agriculture (7.8%), and construction (by 7.2%).



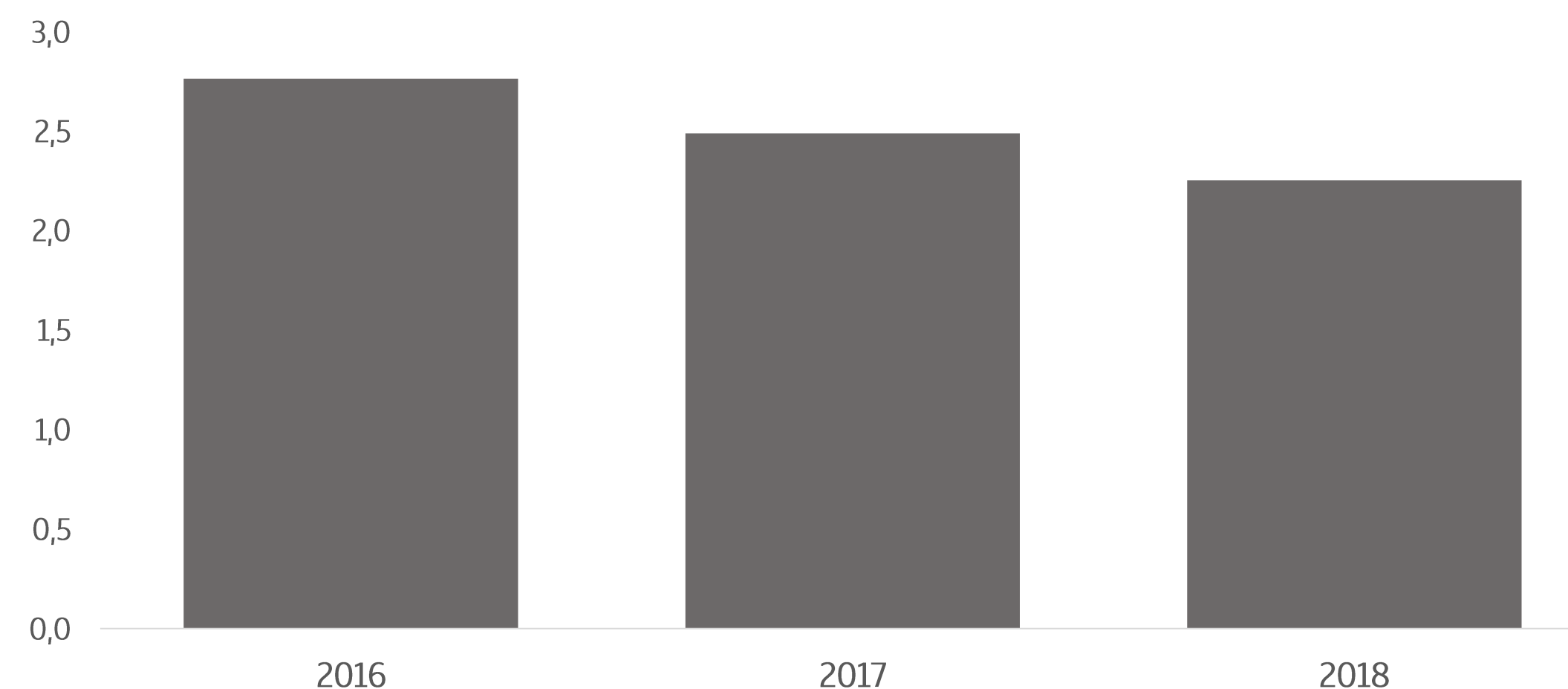
INVESTMENTS IN 2018 BY ABOUT 10% ABOVE THE LEVEL OF 2013

Determinants of capital investments



Source: Ukrstat, National Bank of Ukraine

Contribution of real gross fixed capital accumulation to GDP, p.p.



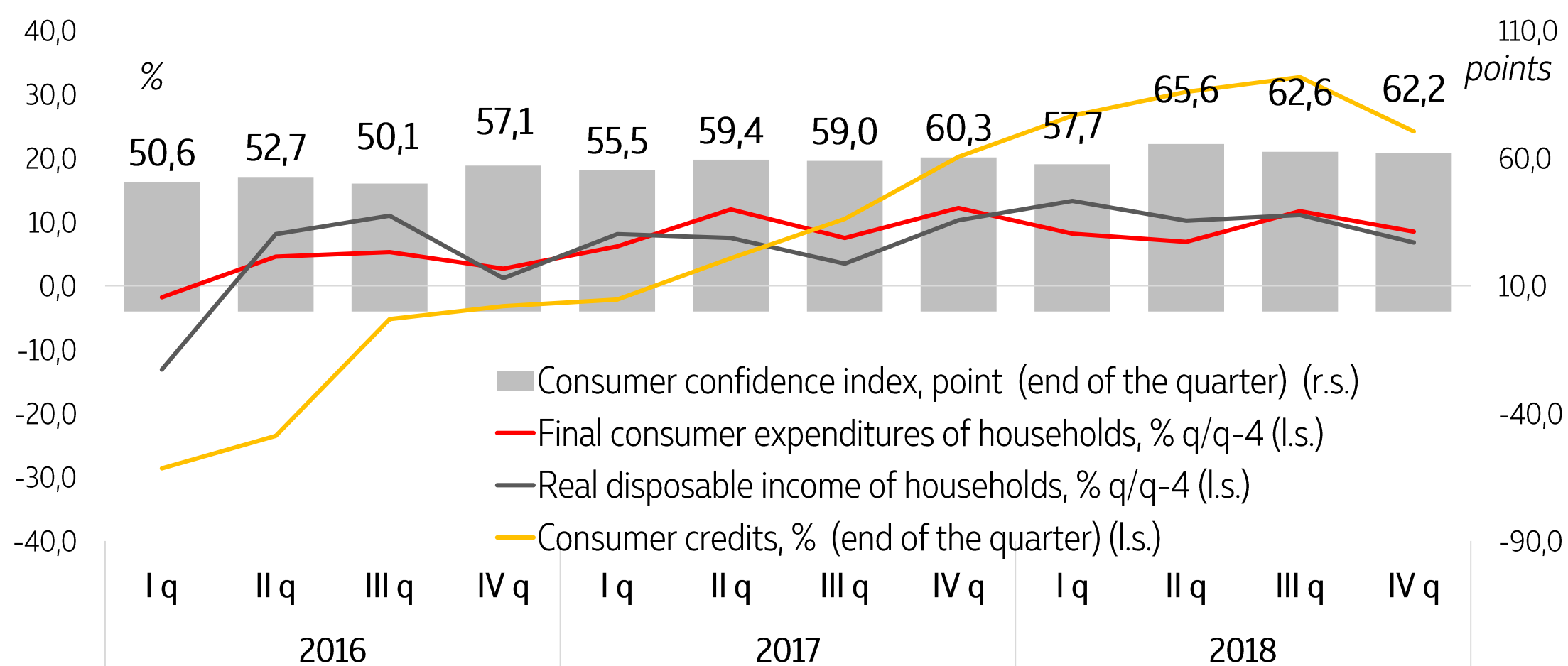
Source: Ukrstat, calculation of the Ministry of Finance

- Business expectations index (NBU) in the 4th quarter of 2018 was at 117.3. Positive business expectations and gradual improvement of business climate (reflected in the improved ranking in the Doing Business), and high need in investments result in surge in investments.
- Imports of machine building increased by 17.8% as domestic production of investments goods does not meet demand.
- In 2018, gross fixed capital accumulation increased by 10.3% in real terms.
- Share of investments in GDP still remains low at 17.2% in 2018 (Belarus at 25%, Romania at 23%, Hungary and Moldova at 25%, Slovakia at 21%).



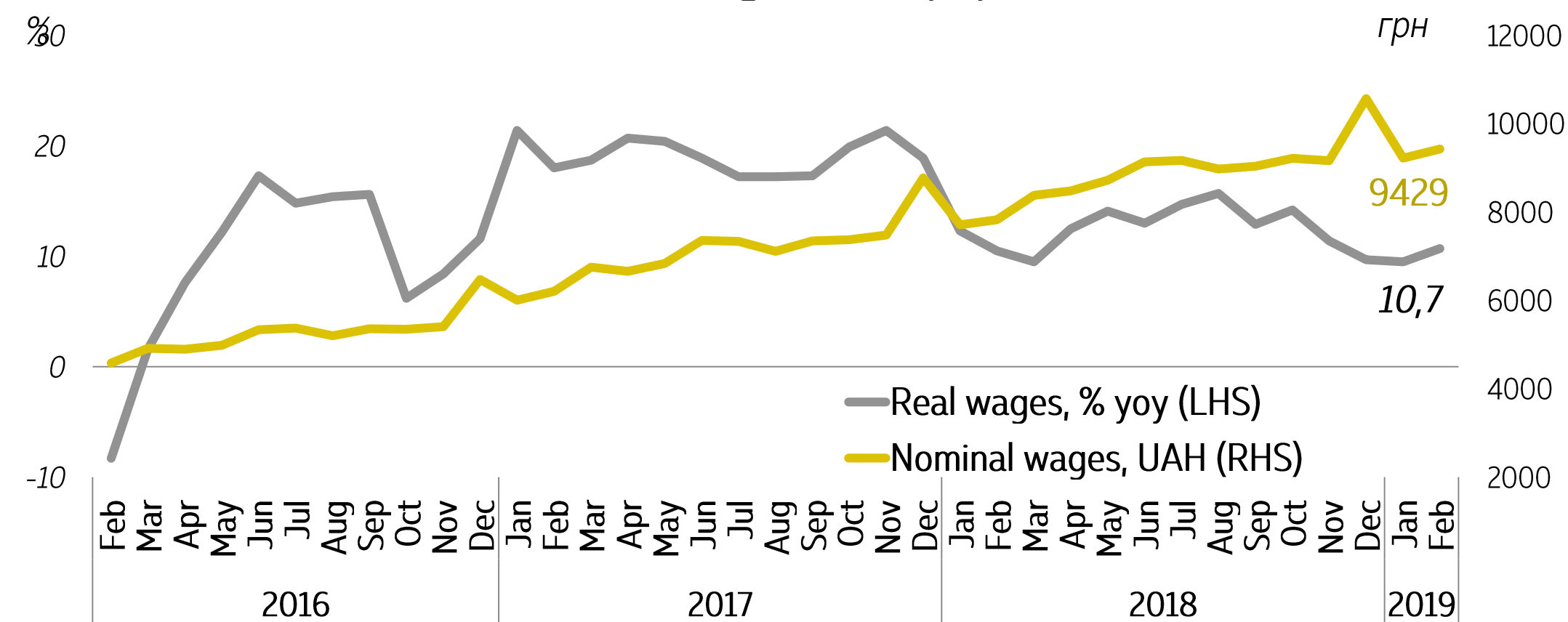
PRIVATE CONSUMPTION INCREASES SINCE THE SECOND QUARTER OF 2016

Determinants of the final consumer expenditures of households



Source: Ukrstat, National Bank of Ukraine, GFK

Real and nominal wages, in % yoy and UAH

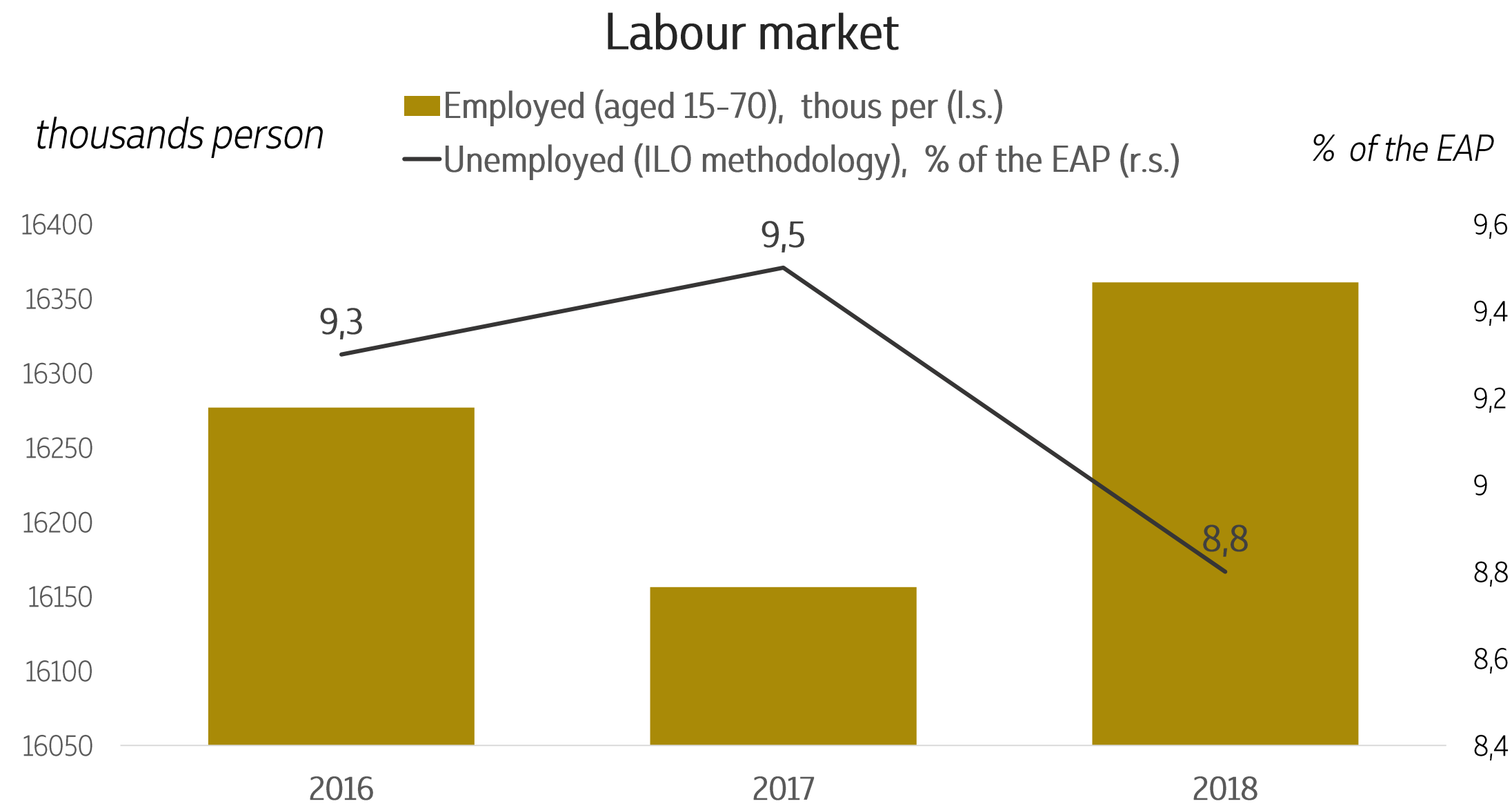


Source: Ukrstat

- Growth of private final consumption was supported by higher disposable income, improved consumer sentiments, increased consumer lending, higher remittances at the background of slowed inflation and stable exchange rate of hryvnia.
- Real average wage in February 2019 increased by 10.7% yoy. Key factors behind this growth remained unchanged and included increase in minimum wage (by 12.1% in nominal terms), improved financial situation of companies, tight labour market due to labour migration to the EU countries.
- In 2018, real average wage increased by 9% yoy.

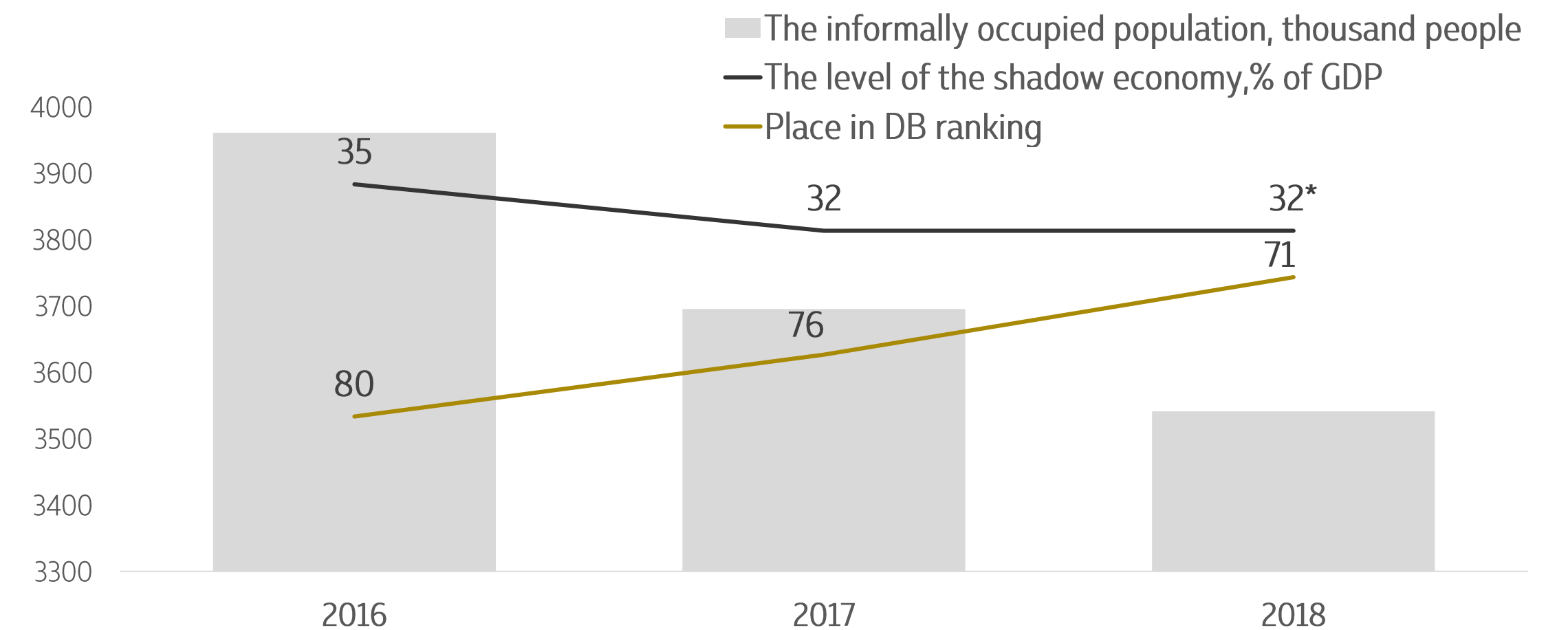


UNEMPLOYMENT RATE IN 2018 WAS THE LOWEST FOR THE LAST 5 YEARS



Source: Ukrstat

Informally employed population, the level of the shadow economy and the place of Ukraine in the DB



*data for 9 months of 2018

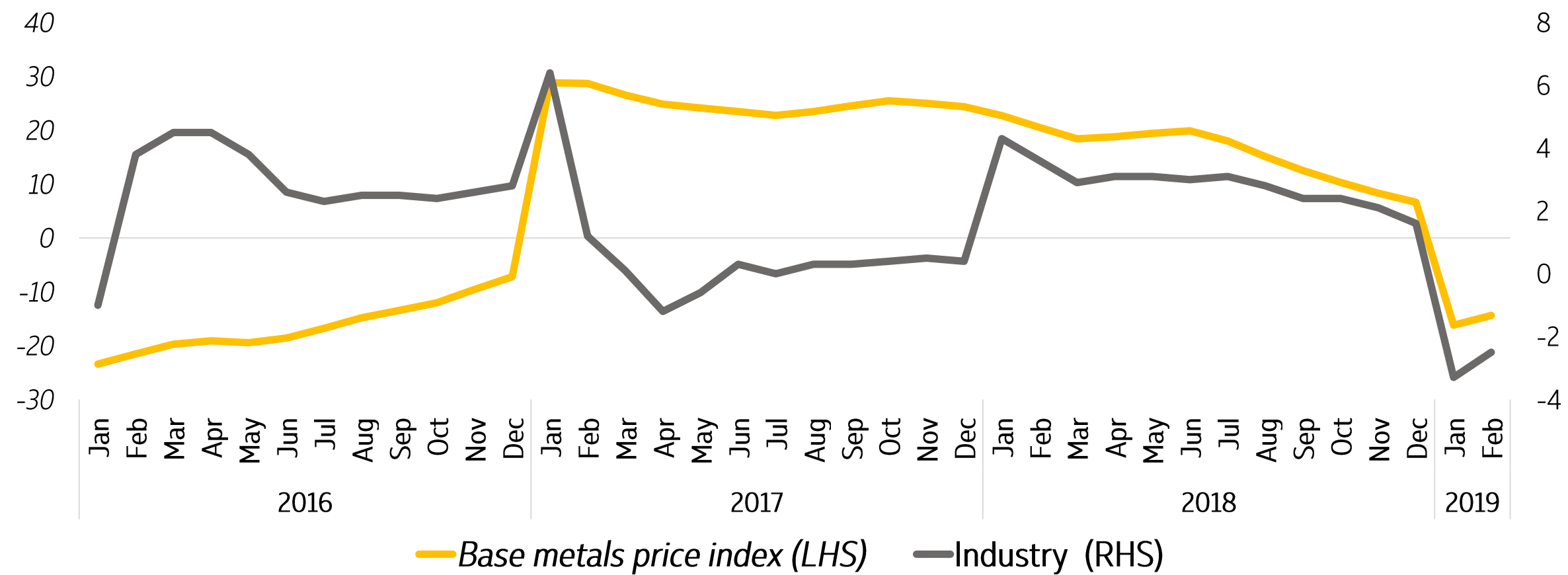
Source: Ukrstat, MinEc

- In 2018, unemployment rate (ILO methodology) reduced to 8.8% of economically active population of age 15-70 years old from 9.5% in 2017. Number of employed population increased by 0,2 m persons to 16,4 m individuals.
- The informal employment declined against the background of eased doing business and higher efficiency of tax administration. In 2018 number of informally employed individuals declined by 154.3 thous. persons to 3541.3 thous.
- Unemployment rate remains higher than in such EU member states as Austria (with unemployment rate of 5.4%), Belgium (6.5%), Estonia (5.6%), Lithuania (6.9%), Poland (4.4%). Source: World Bank.



THE PERFORMANCE OF REAL SECTORS IN THE FIRST TWO MONTHS OF 2019 WAS DIVERSE

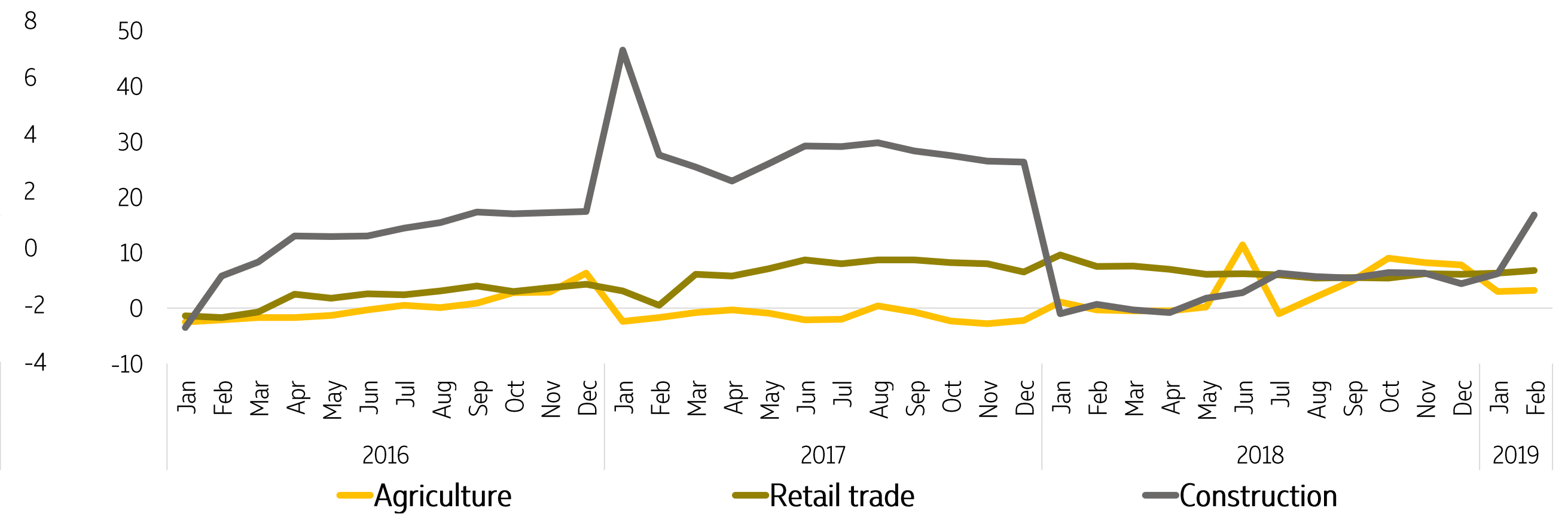
Industry growth and development of base metals price,
% yoy, cumulative



Note. Base metal prices are calculated by the World Bank on a monthly basis taking into account prices for key metals (lead, nickel and others) and serve as an indicator for price dynamics on the global metal market

Source: Ukrstat, World Bank

Development of agriculture, retail trade and construction
% yoy, cumulative

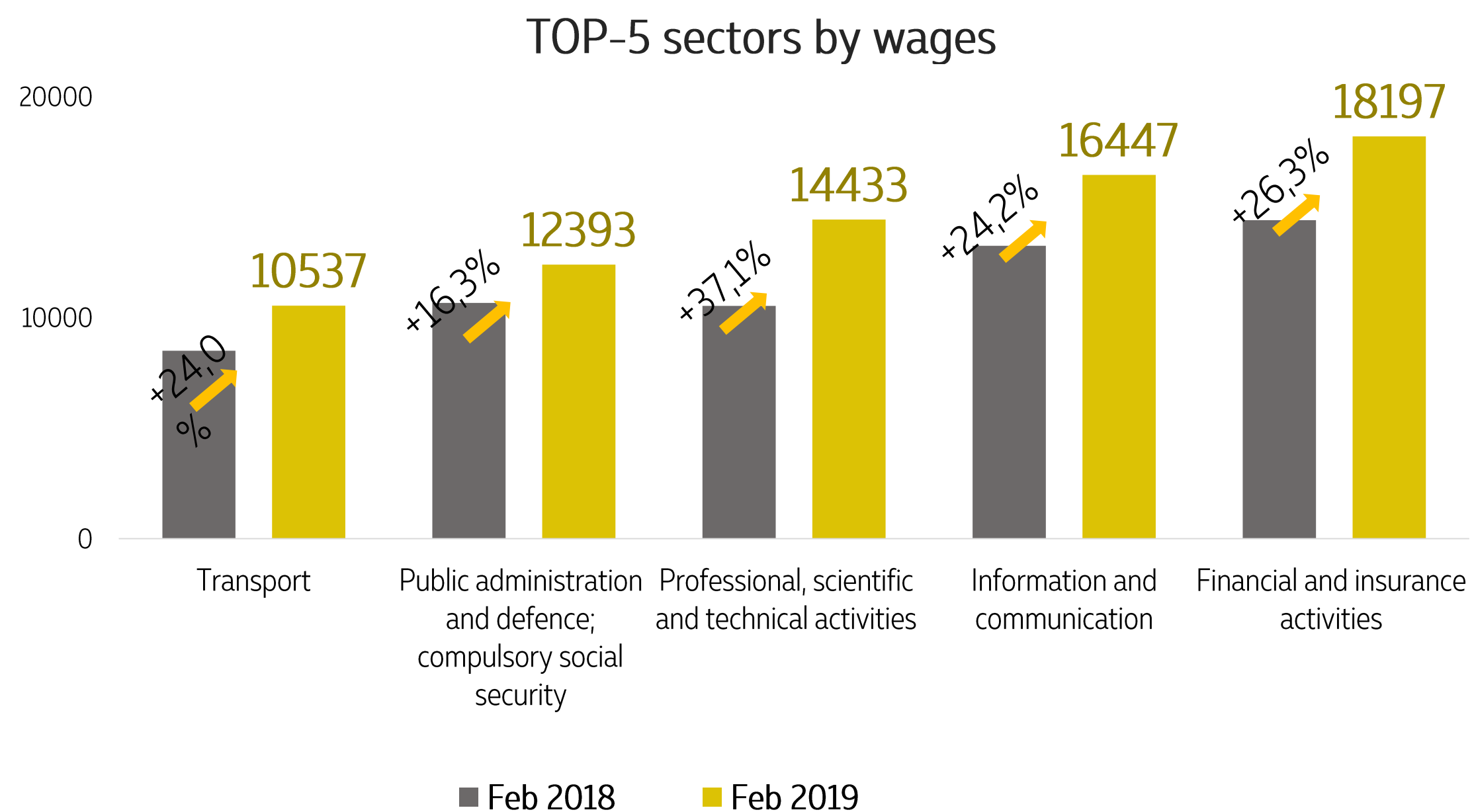


Source: Ukrstat

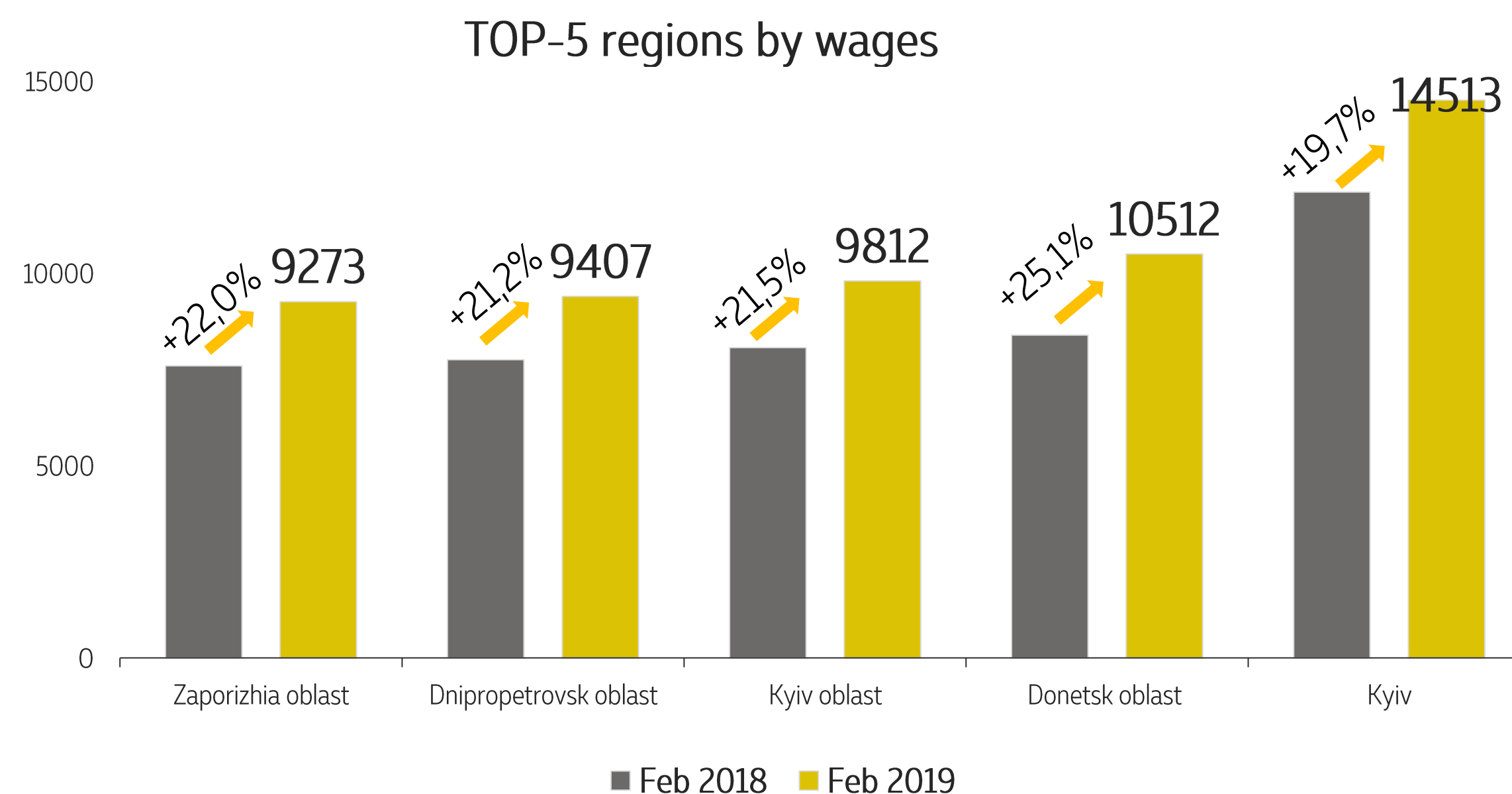
- In January-February, industrial production reduced by 2.5% yoy due to the repair works at some metallurgical enterprises, the ban on the imports of certain types of boilers, turbines, agricultural machinery, electrical equipment imposed by the Russian Federation, the partial termination of production by Karpatnaftokhim and high statistical base for some industrial subsectors (in particular, the production of wood products). This resulted in the wholesale trade turnover by 5.7% yoy.
- Economic sectors primarily oriented on domestic consumers improved their performance (e.g. retail trade turnover increased by 6.8% yoy, passenger turnover grew by 3.9% yoy) as they were supported by higher real wages and improved consumer sentiments.
- Agriculture increased by 3.2% yoy due to higher sale of animals by 3% yoy and higher eggs production (by 4.8% yoy).



TOP-5 SECTORS AND REGIONS BY SIZE OF WAGE, FEBRUARY 2019



Source: Ukrstat



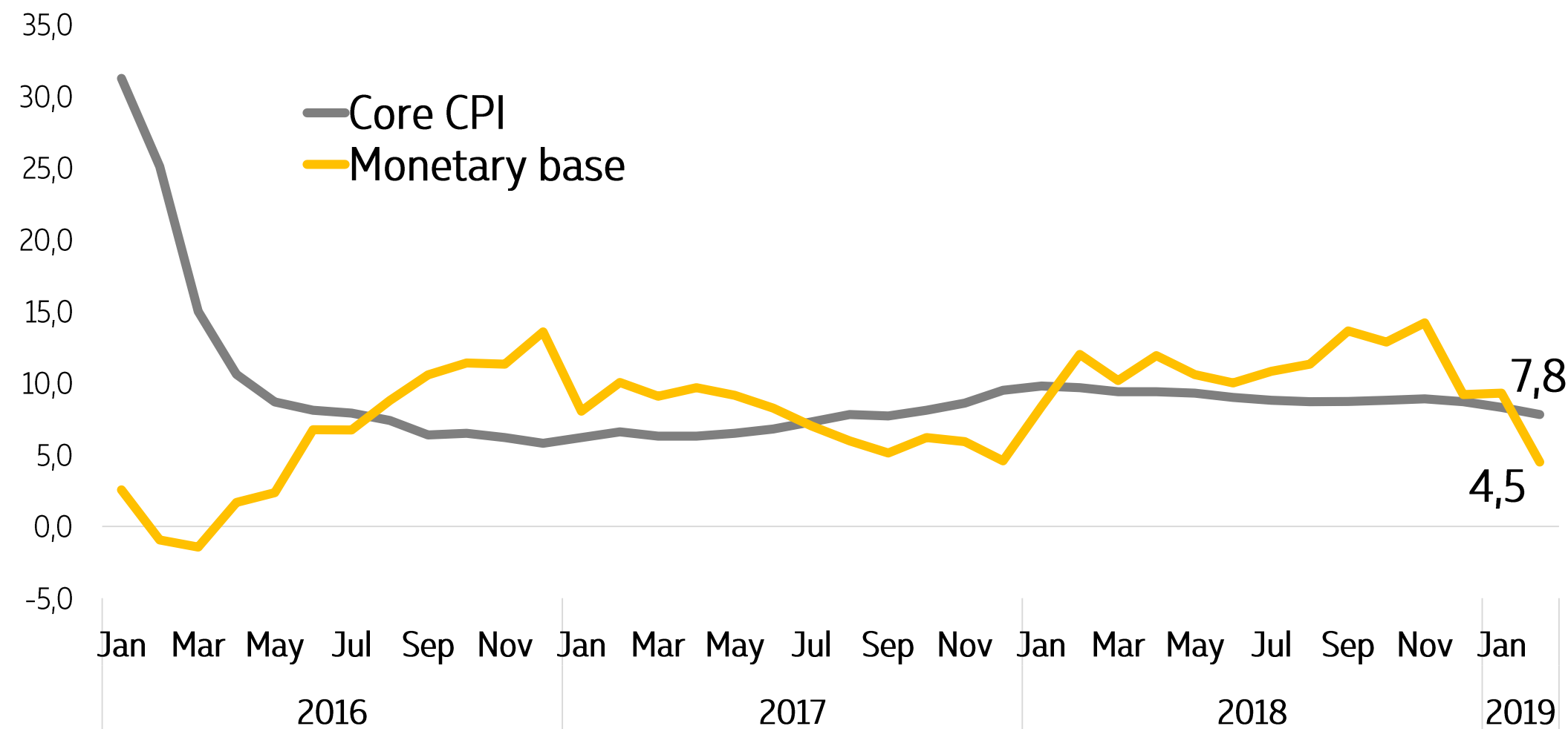
Source: Ukrstat

- In February 2019, the list of five sectors with the highest wages did not change. The financial and insurance sector remained a leader with the wage of UAH 18200 per month.
- The highest wage growth among Top-5 was in professional, science and technical activities (at 37.1% yoy).
- Top-5 oblasts by wage size remained unchanged. Employers of Kyiv paid the highest wage (UAH 14500 on average per month).
- Donetsk oblast reported the highest wage growth among Top-5 oblasts (at 25.1% yoy).



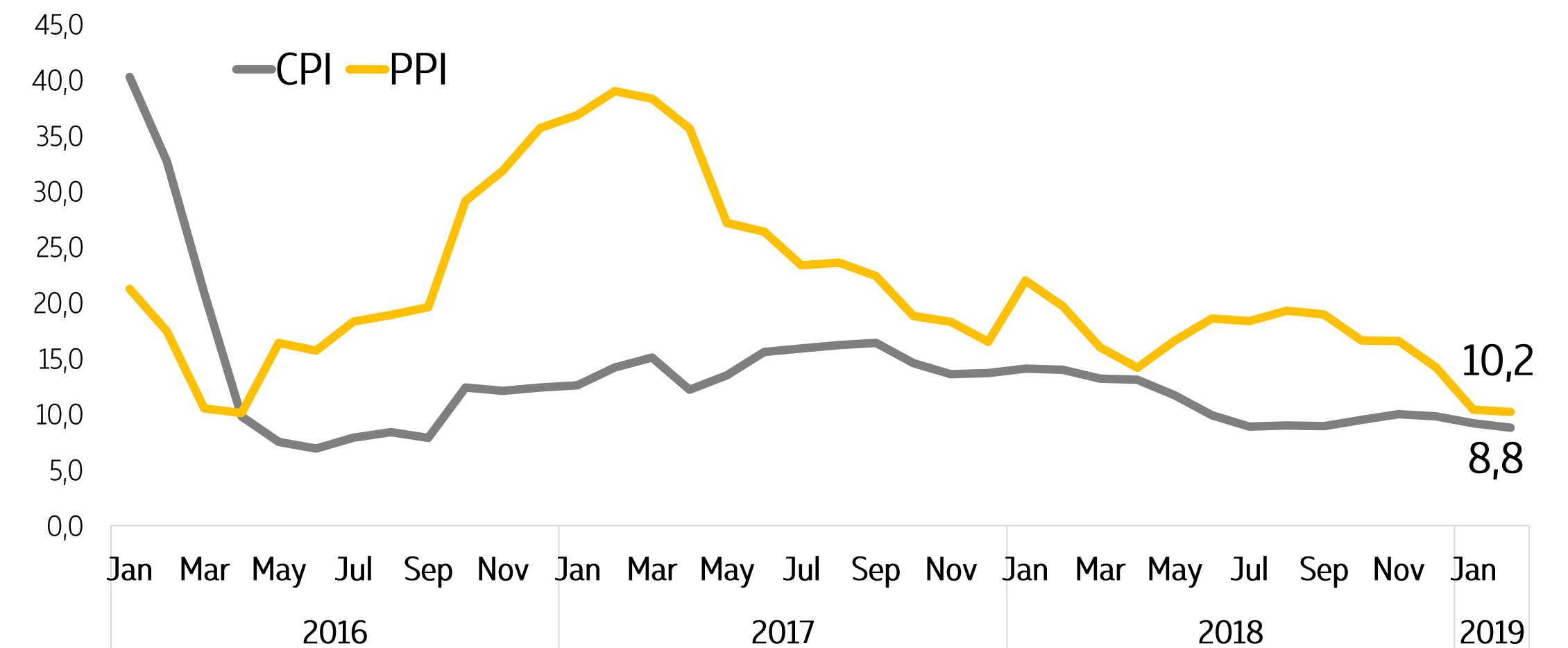
CPI AND CORE INFLATION DECELERATED

Core CPI and Monetary base, % yoy



Source: Ukrstat, NBU

CPI and PPI, % yoy



Source: Ukrstat,

Consumer inflation slowed down against the background of fiscal consolidation and tight monetary policy, even though CPI remained above NBU target. In February 2019, CPI decelerated to 8.8% yoy as compared to 14% yoy in February 2018. NBU inflation target for March 2019 was defined at 5.75% \pm 2 p.p.

Key determinants of CPI in January-February 2019 included:

- Price increases for alcohol and tobacco products, and increase in utility tariffs;
- Further increase in labour costs on the supply side (due to higher costs) and demand side;
- Slower growth of food prices (at 8.1% yoy as compared to 17.9% yoy in February 2018).

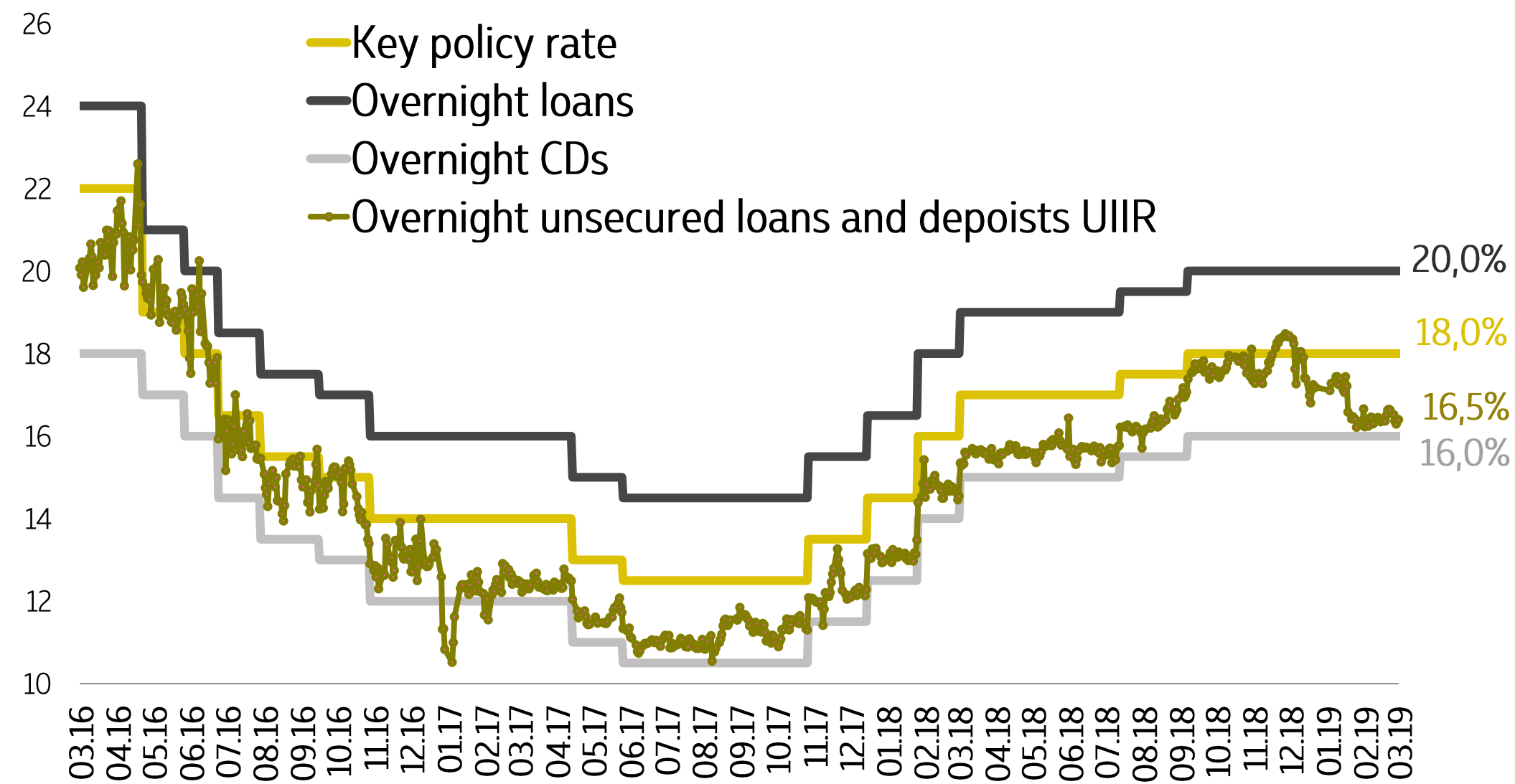
PPI increased by 10.2% yoy due to tariffs and transportation costs of gas and electricity.

Core CPI decelerated to 7.8% yoy in February 2019 from 9.7% yoy in February 2018 due to tight monetary policy.



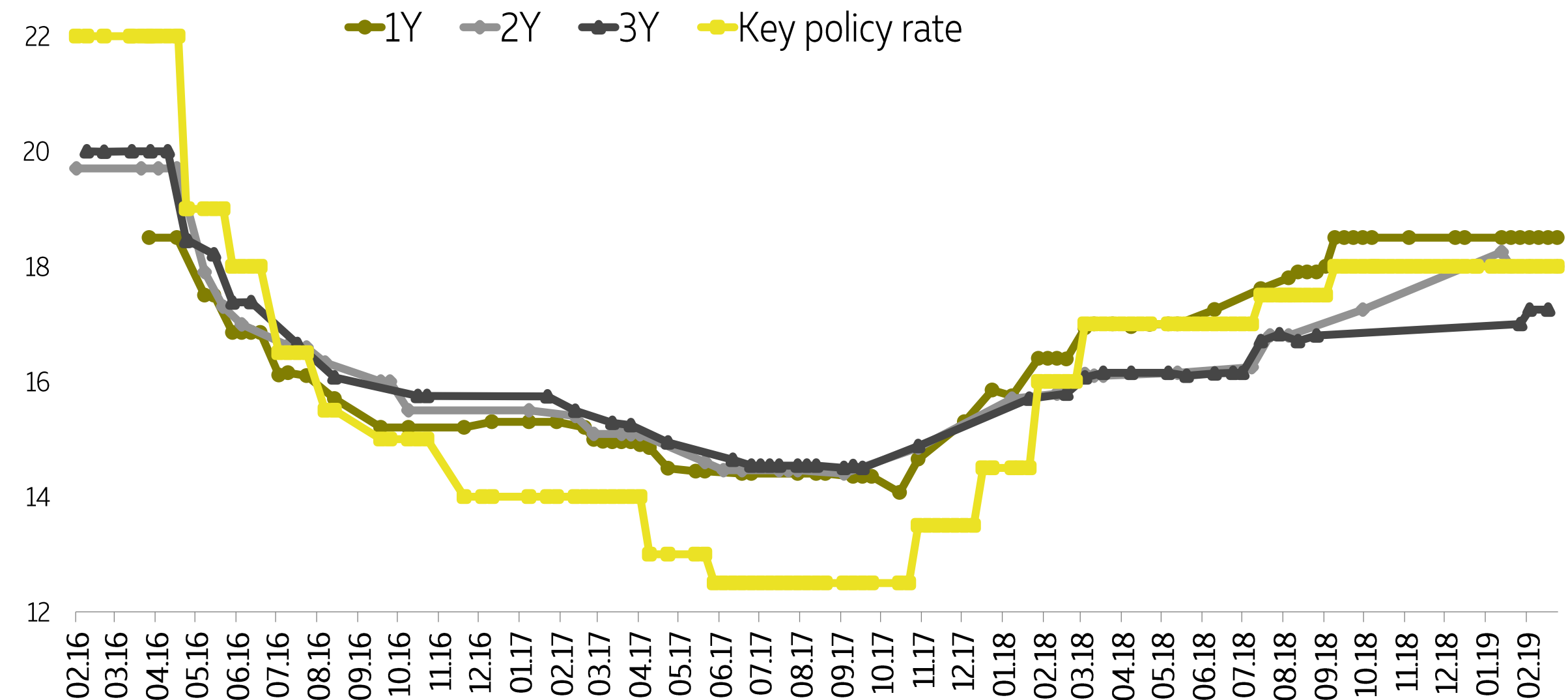
INTERBANK INTEREST RATES ARE IN THE "INTEREST RATE CORRIDOR"

Key interest rates, % yoy



Source: NBU

Yields on Government domestic bonds (in hryvnia), %



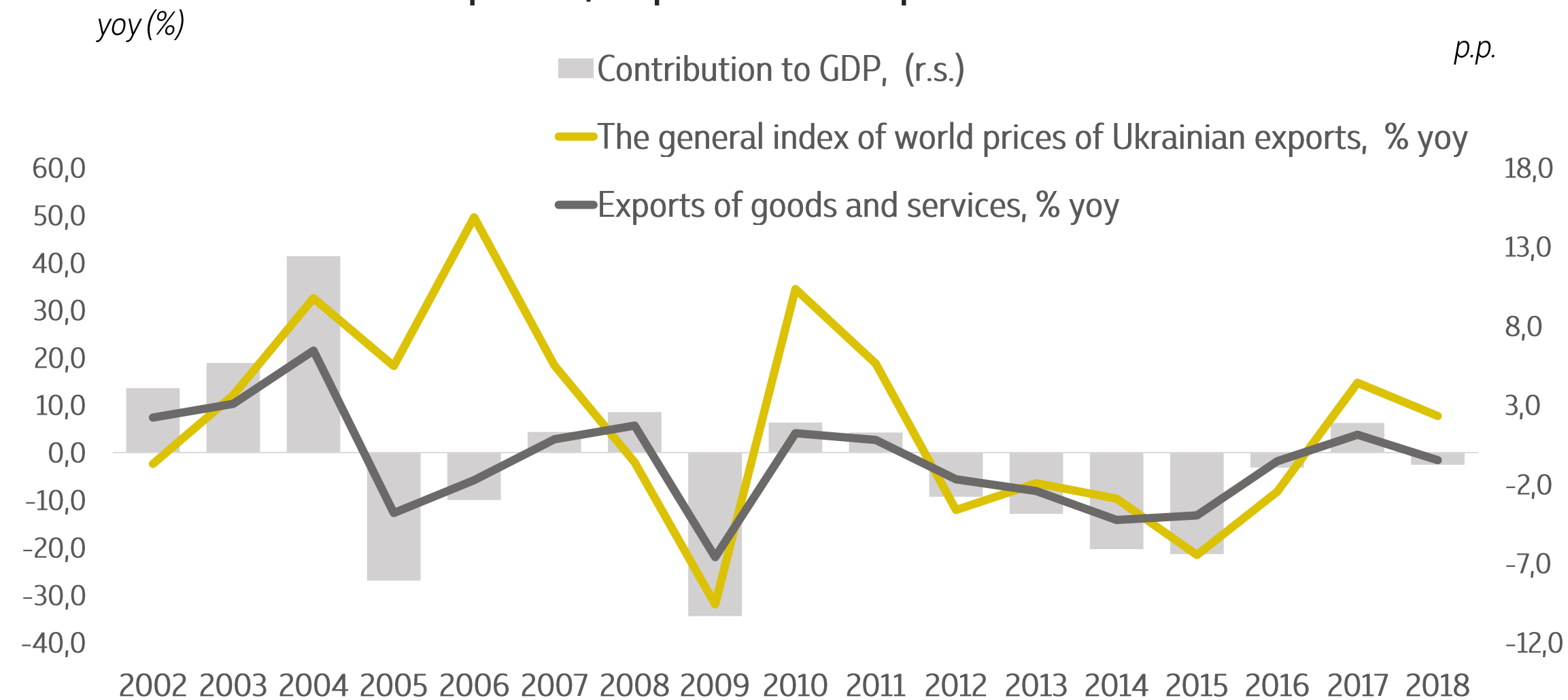
Source: NBU

- Key policy rate of NBU remains at the level of 18% since September 2018.
- In January-March, yields of state domestic bonds were stable against the background of unchanged NBU key policy rate. In March, weighted average yield of bonds was 18.76% p.a. for hryvnia-denominated bonds, 7.0% p.a. for USD bonds, and 4.6% p.a. for EUR bonds.
- Market interest rates remain in the defined by the NBU 'corridor' for interest rates.



WEAK EXPORTS, THE SHARE OF THE EU INCREASED

World prices, exports and export contribution in GDP

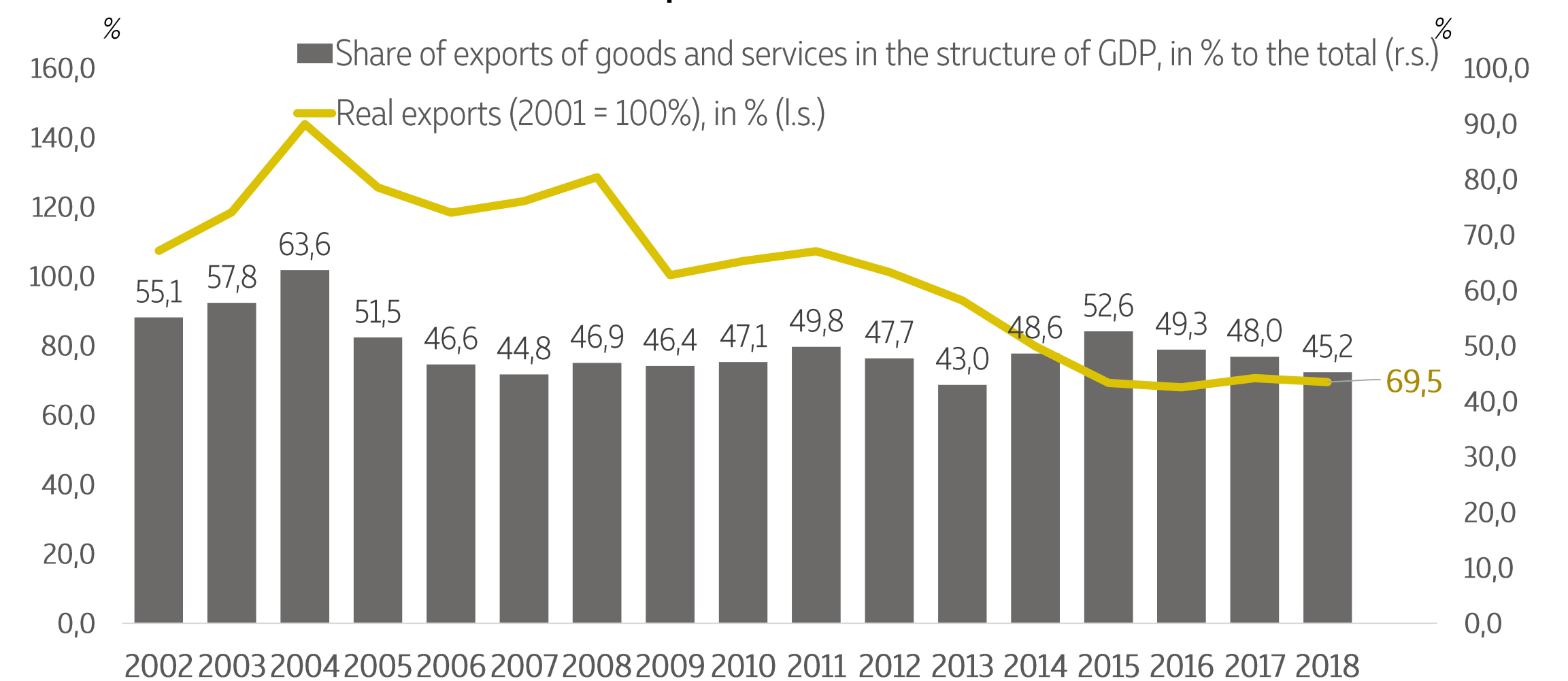


* Since 2010 data does not include annexed Crimea and since 2014 data does not also include occupied territory in the East of Ukraine.

Note. The general index of world prices of Ukrainian exports is an aggregate index calculated by the Ministry of Finance on the basis of the dynamics of prices for key Ukrainian export goods (in particular, metals, grain crops, ore, etc.).

Source: Ukrstat, World Bank, calculations by the Ministry of Finance

Exports trends



* Since 2010 data does not include annexed Crimea and since 2014 data does not also include occupied territory in the East of Ukraine.

Source: Ukrstat, calculation of the Ministry of Finance

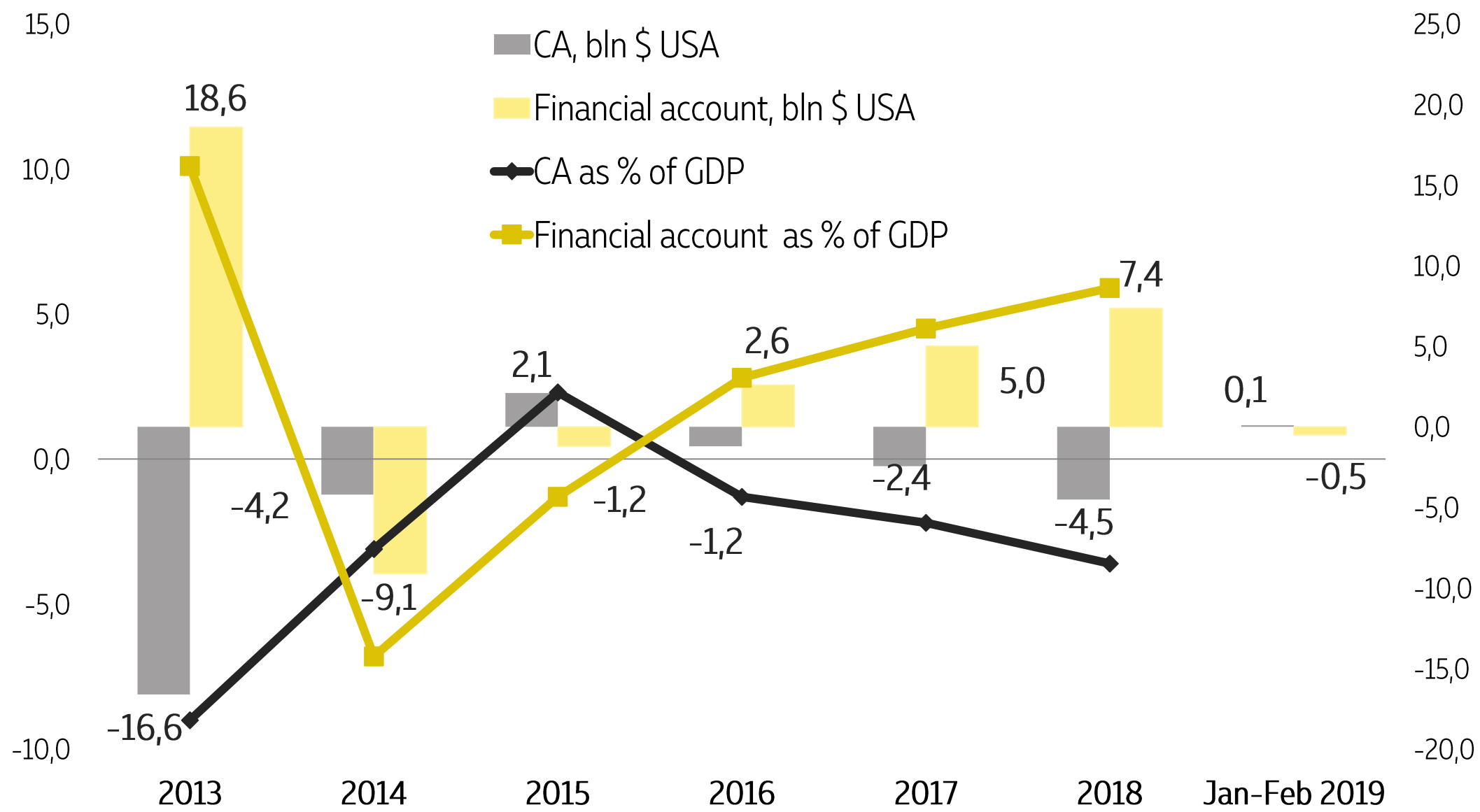
Contribution of real exports to GDP growth is small due to weak demand and unfavorable terms of trade.

- **Share of exports in GDP gradually declined in recent three years** (from 52.6% in 2015 to 45.2% of GDP) due to strong domestic demand as well as lost positions on some world commodities markets (in the world ranking of steel producers Ukraine shifted to 13th position in 2018 from 10th in 2016).
- The DCFTA with the EU supported increase in EU share in exports from 23.6% in 2013 to 37.6% in 2018. Share of Russia in exports declined from 22.8% in 2013 to 7% in 2018 due to trade bans..



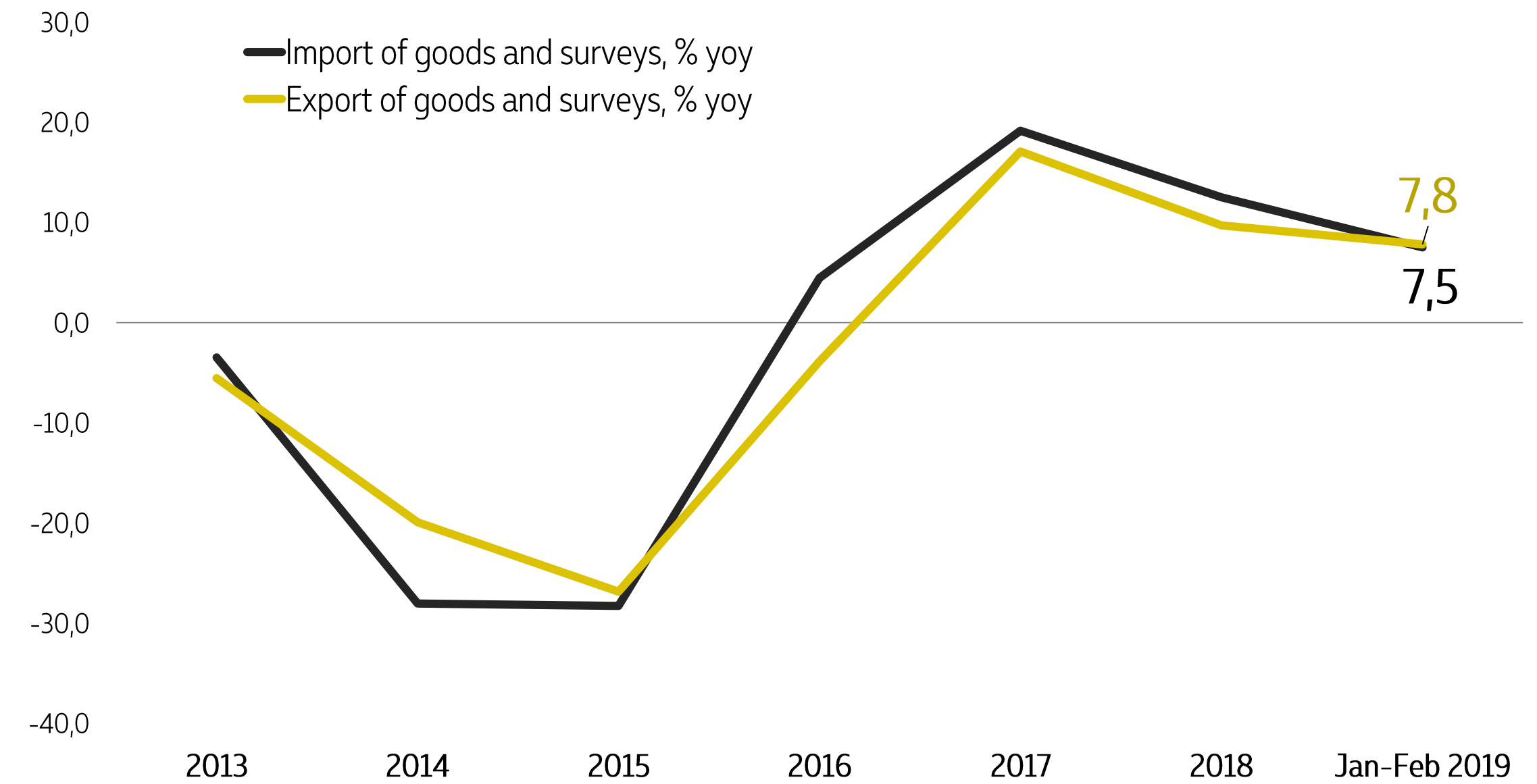
CURRENT ACCOUNT BALANCE WAS NEGATIVE IN FEBRUARY DUE TO SURGE IN IMPORTS GROWTH

Current account and financial account balances



Source: Ukrstat, NBU, MERT, calculations of the Ministry of Finance

Exports and imports of goods and services

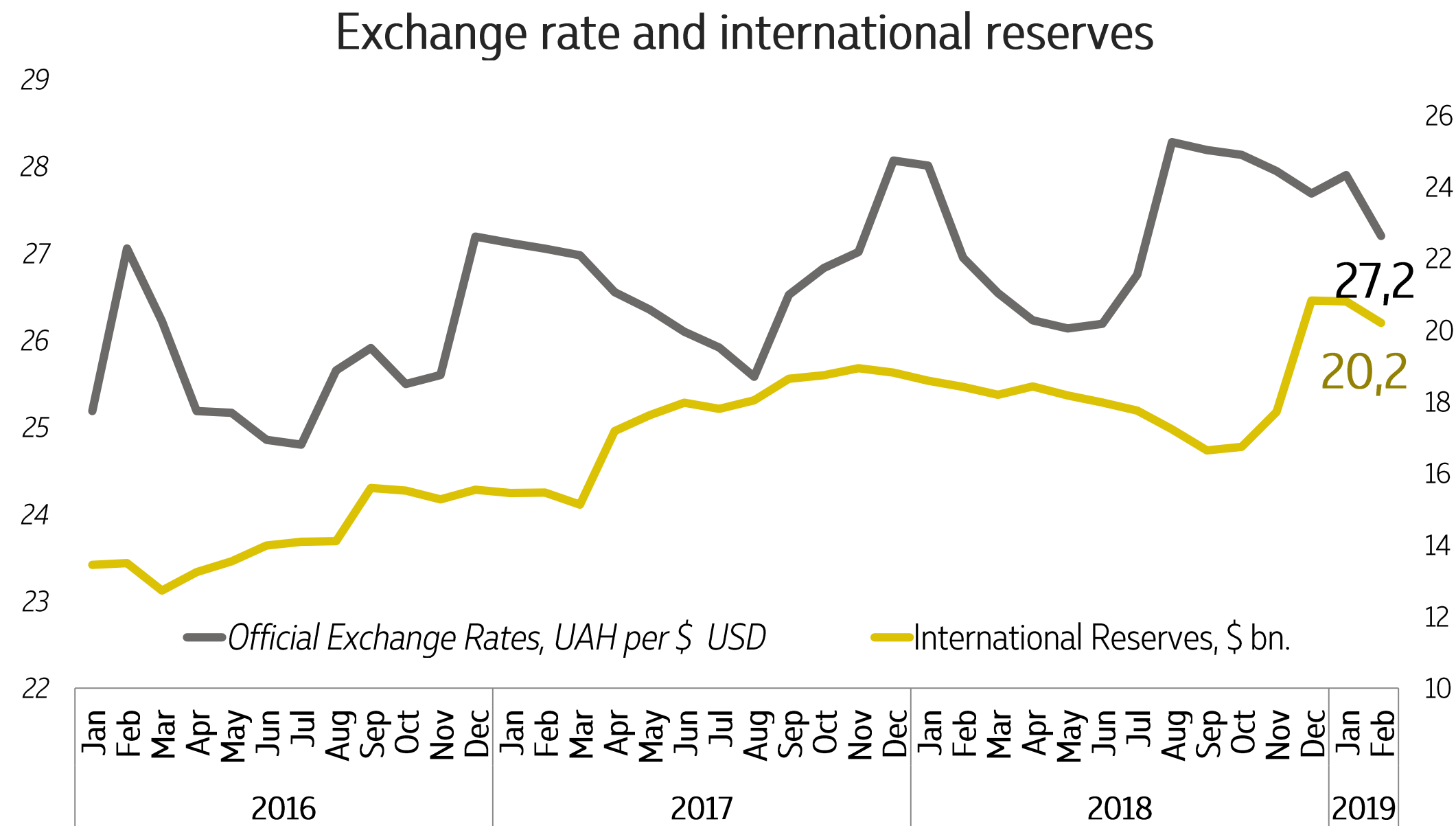


Source: National Bank of Ukraine (NBU)

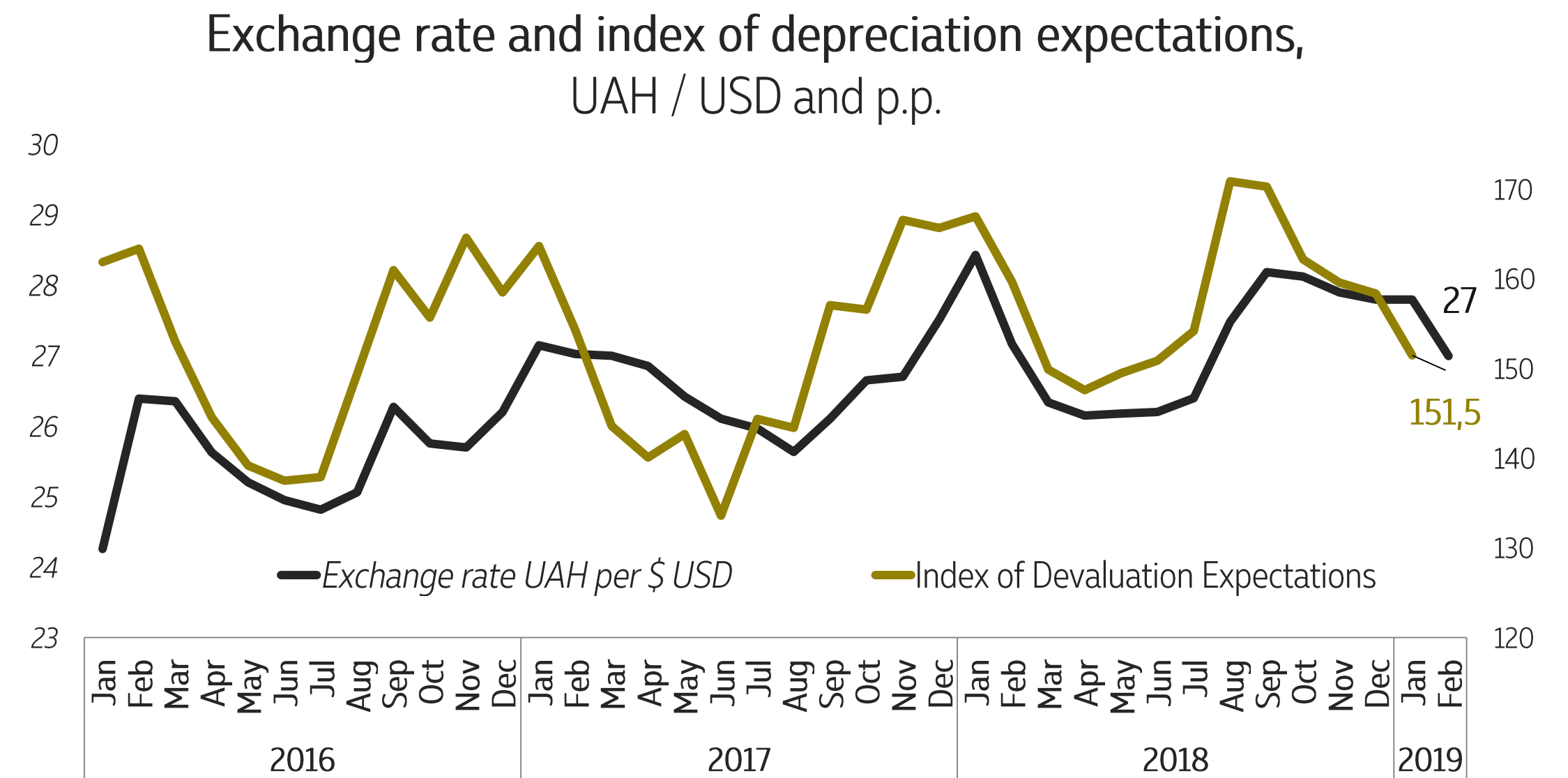
- Current account balance in February was negative at USD 381 m as compared to surplus in February 2018 due to surge in imports.
- Merchandise imports increased by 14.9% yoy likely due to temporary factors of high imports of cars (by 2.9 times) caused by special procedures of custom clearance of cars with international registration.
- Merchandise exports increased by 7.3% yoy primarily due to higher agricultural and food exports (by 26.9% yoy), which accounted for almost 50% of all exports.



STABLE EXCHANGE RATE MARKET DESPITE SEASONAL FACTORS AND SHOCKS



Source: NBU



Source: NBU, GFK

Key factors that effected FX market in February included:

- **Narrowed trade balance deficit** due to exports of grains (the grain harvest reached new record in 2018);
- Increase of government domestic bonds in the portfolio of non-residents (in the first quarter of 2019, non-residents holdings of government domestic bonds tripled to UAH 20,3 bn as of April 1, 2019 (96% of portfolio are hryvnia-denominated bonds).
- Sale of USD by economic agents due to the need to pay taxes to central budget.

International reserves of NBU increased to USD 20.6 bn in the end of 1 quarter (which is the level of the end of 2013).



MACROECONOMIC FORECAST FOR 2019-2022 ¹

Indicator	2019	2020	2021	2022
Nominal GDP, UAH bn	4080,2	4652,0	5205,9	5759,0
Real GDP, change, %	102,8	103,8	104,1	104,5
CPI, % yoy in December	107,4	105,6	105,0	104,7
Unemployment rate (ILO methodology), % of economically active population	8,6	8,2	8,0	7,9
Current account balance, USD m	-13131	-14496	-15632	-16953
Exports of goods and services, USD m	63265	68119	72766	77850
Exports of goods and services, % yoy	107,2	107,7	106,8	107,0
Imports of goods and services, USD m	76396	82615	88398	94803
Imports of goods and services, % yoy	108,4	108,1	107,0	107,2
Exchange rate, UAH/USD	28,2	29,0	29,8	30,2

¹MEDT estimates as of 01.03.2019

Domestic demand will remain driving force of economic growth in 2019, even though investments growth will decelerate. Increase in private final consumption will be supported by growth of disposable income.
Real net exports will negatively contribute to real GDP growth.



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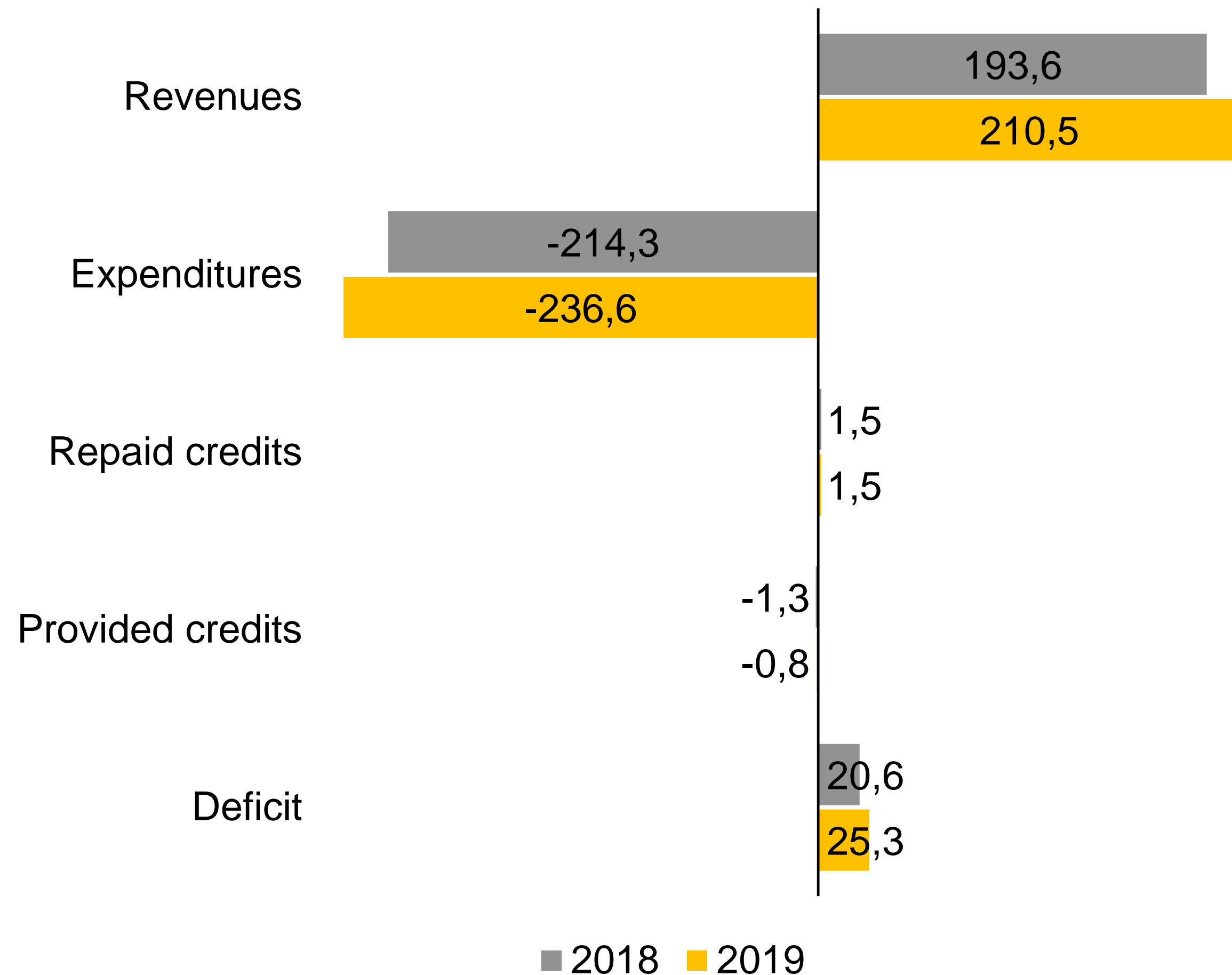
State Budget

January-March 2019



KEY BUDGET PARAMETERS IN Q1

- PRELIMINARY DATA -



UAH bn

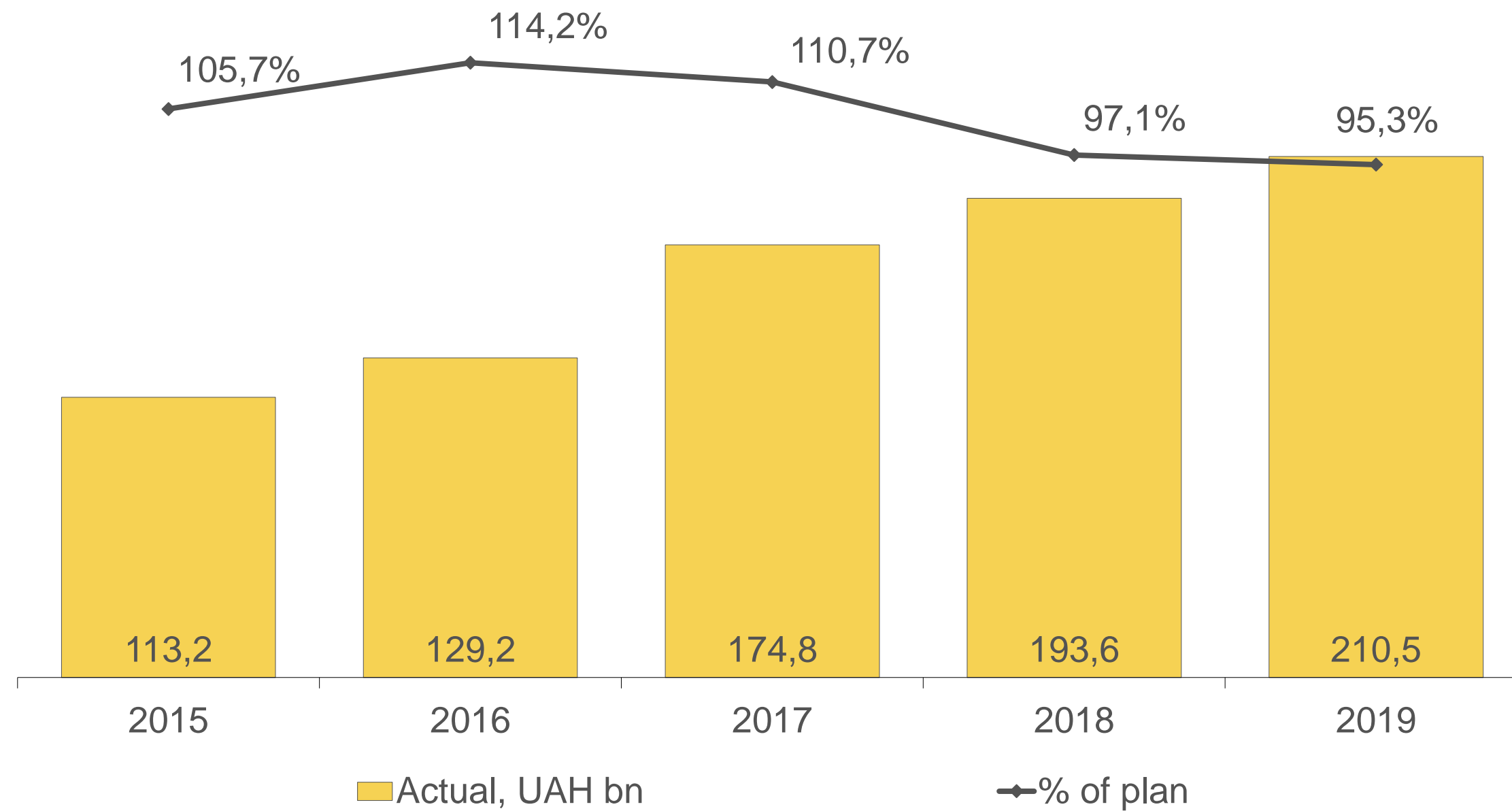
- ✓ State budget revenues in the first quarter of 2019 grew by 8.7% yoy to UAH 210.5 bn. Revenues due to general fund increased by 1.5% yoy to UAH 178.2 bn.
- ✓ State budget revenues totaled 95.3% of target, while revenues due to general fund were at 91.8% of target.
- ✓ State budget expenditures increased by 10.4% yoy to UAH 236.6 bn; in particular, expenditures of general fund increased by 7.6% yoy to UAH 217.4 bn.
- ✓ State budget expenditures of general fund were executed at 90.9% of target;
- ✓ The most essential expenditures (social spending, expenditures on defense and security, debt servicing) were financed in full according to the plan on the basis of opened payment requests.
- ✓ State budget deficit was at UAH 25.3 bn (the deficit for entire 2019 is defined at UAH 90 bn).



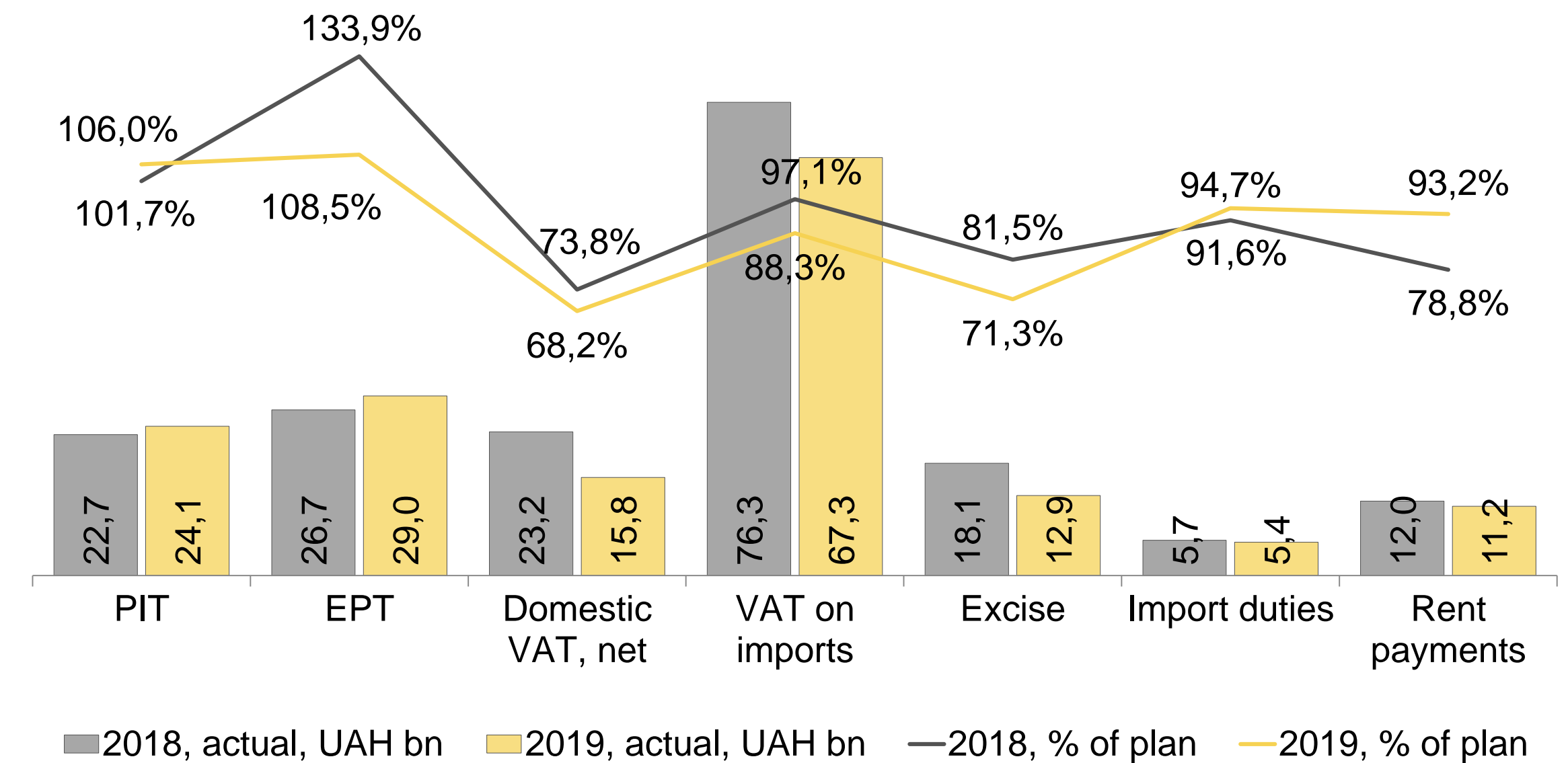
KEY FACTS ABOUT REVENUES

- PRELIMINARY DATA -

State budget revenues in January-March of 2015-2019



The execution of state budget revenues due to general fund in January-March of 2015-2019



Source: State Treasury, data for 2019 as of April 1 2019

State budget revenues due to general fund in the first quarter totaled UAH 178.2 bn or 91.8% of target due to several reasons::

- Decline in tobacco production (by 33.8% yoy in January-February);
- Exemptions from VAT payment on solar batteries imports since Jan.2019;
- Decline in imports of gas by the Naftogaz;
- Hryvna appreciation;
- Advanced payments on rent fees as of Jan.1 at UAH 0.6 bn.

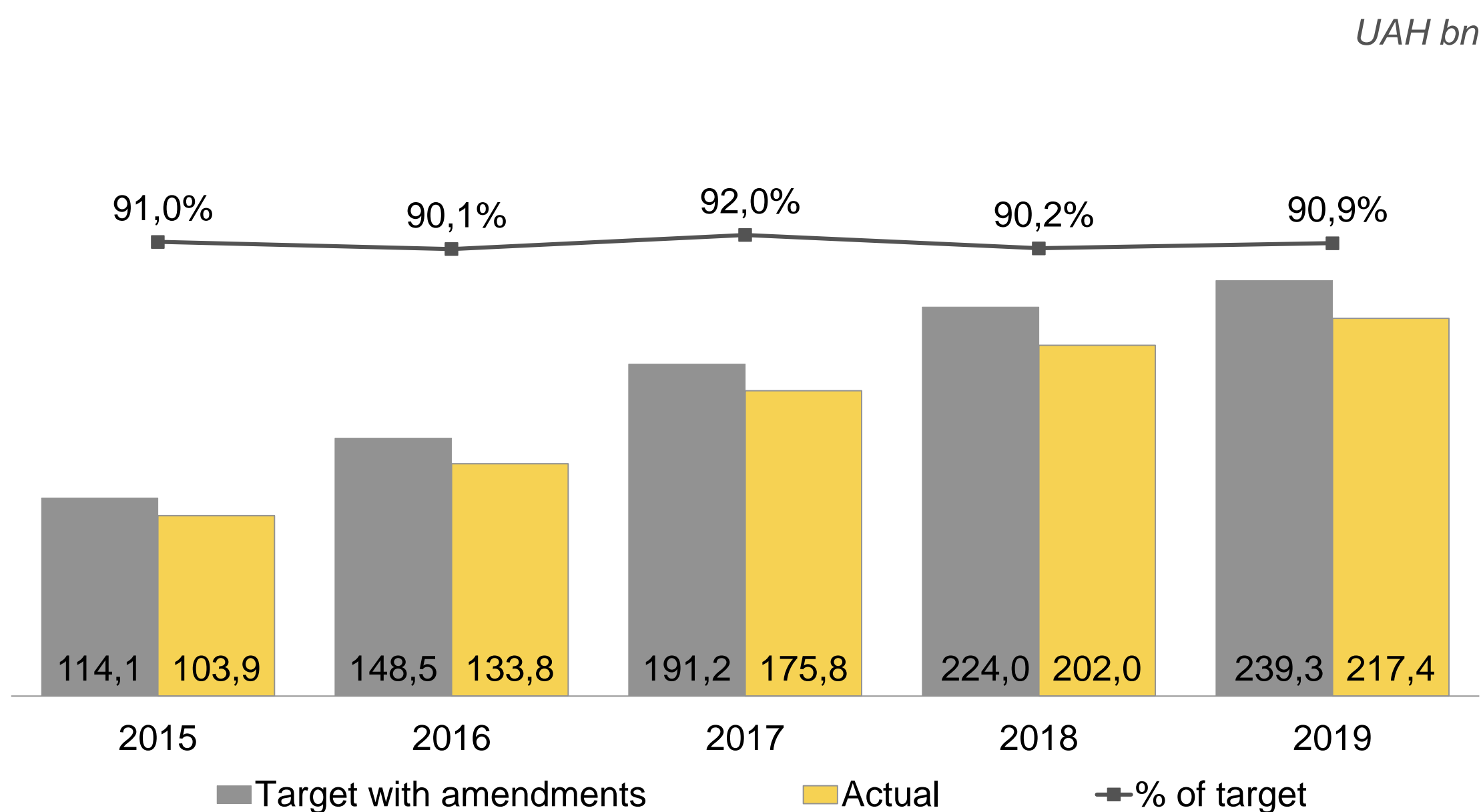
VAT refunds were made automatically: they grew by 34.8% yoy to UAH 45.4 bn.



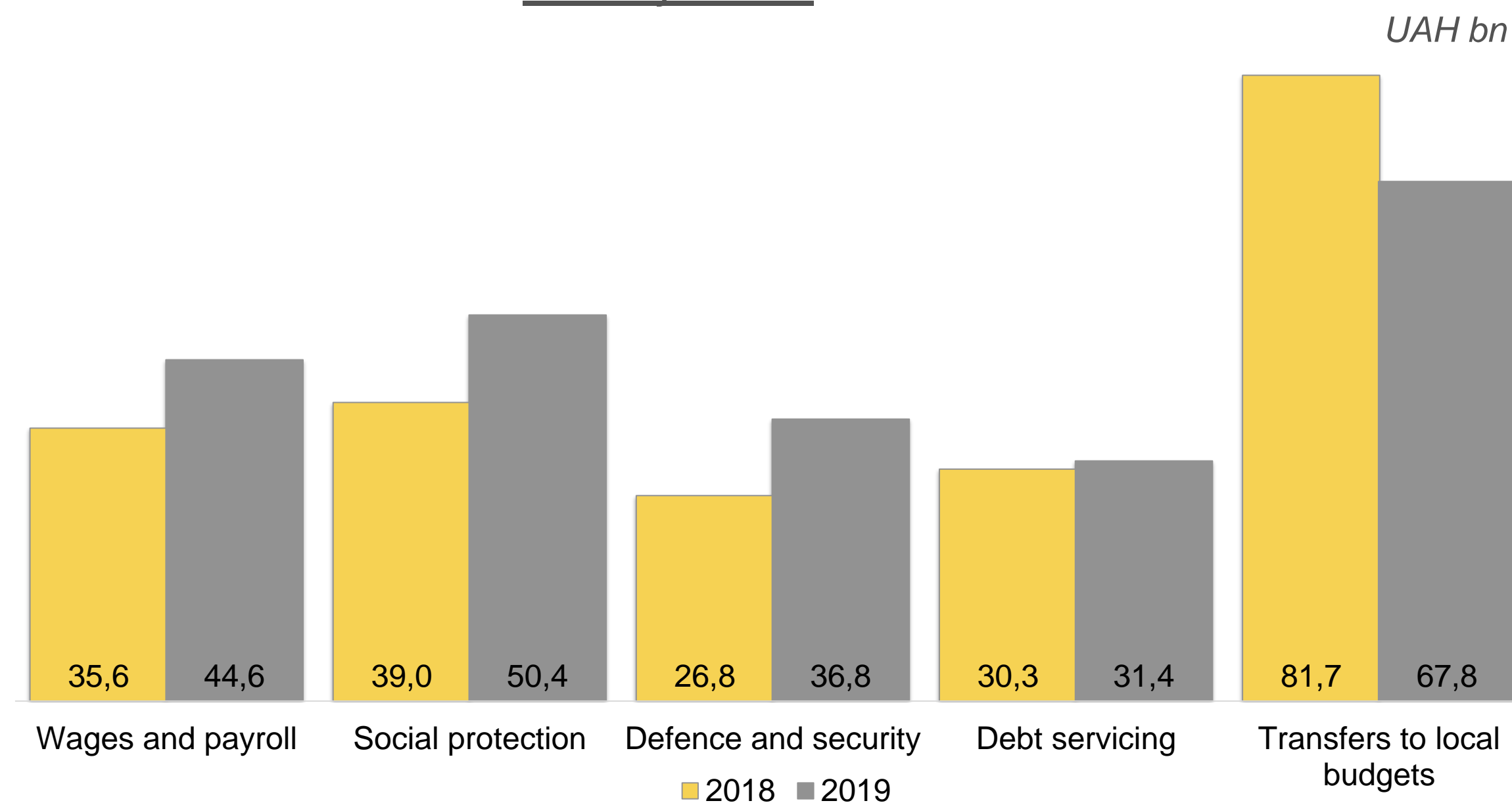
KEY FACTS ABOUT EXPENDITURES

- PRELIMINARY DATA -

State budget expenditures of general fund in January-March of 2015-2019



State budget expenditures of general fund by categories, in January-March 2019



Source: State Treasury, data for 2019 as of April 1 2019

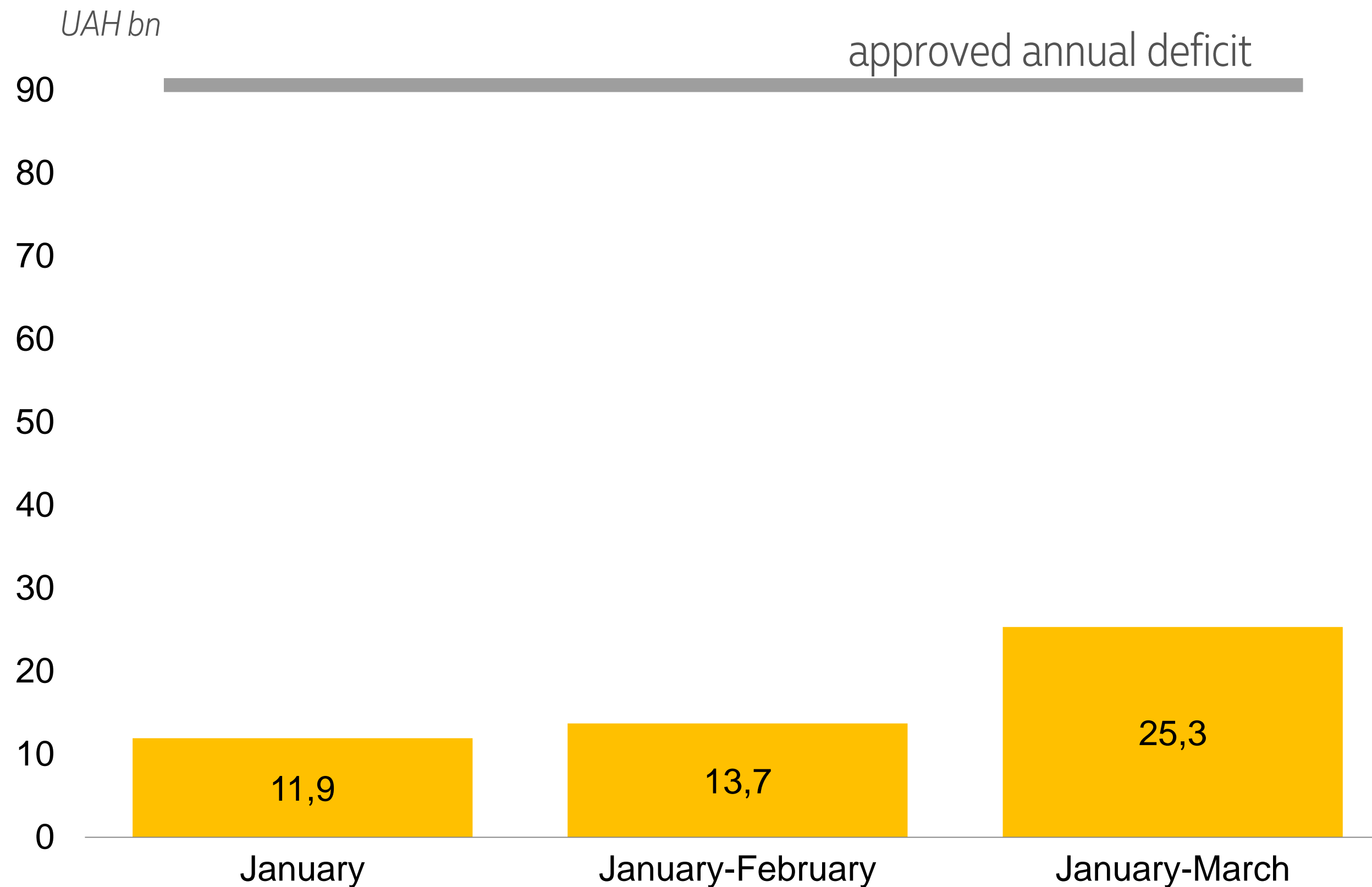
- State budget expenditures in the first quarter were financed according to the plan on the basis of payment requests.
- The highest share of expenditures were attributed to payment of wage and payroll, financing of social protection, defense and security, debt servicing and intergovernmental transfers.
- Key reason for under-execution of expenditures include: lower than planned need in social spending, savings on debt servicing due to stronger hryvnia, delays in the preparation and approval of required documents by key spending units.



KEY FACTS ABOUT DEFICIT

- PRELIMINARY DATA -

State budget deficit
in January-March of 2019

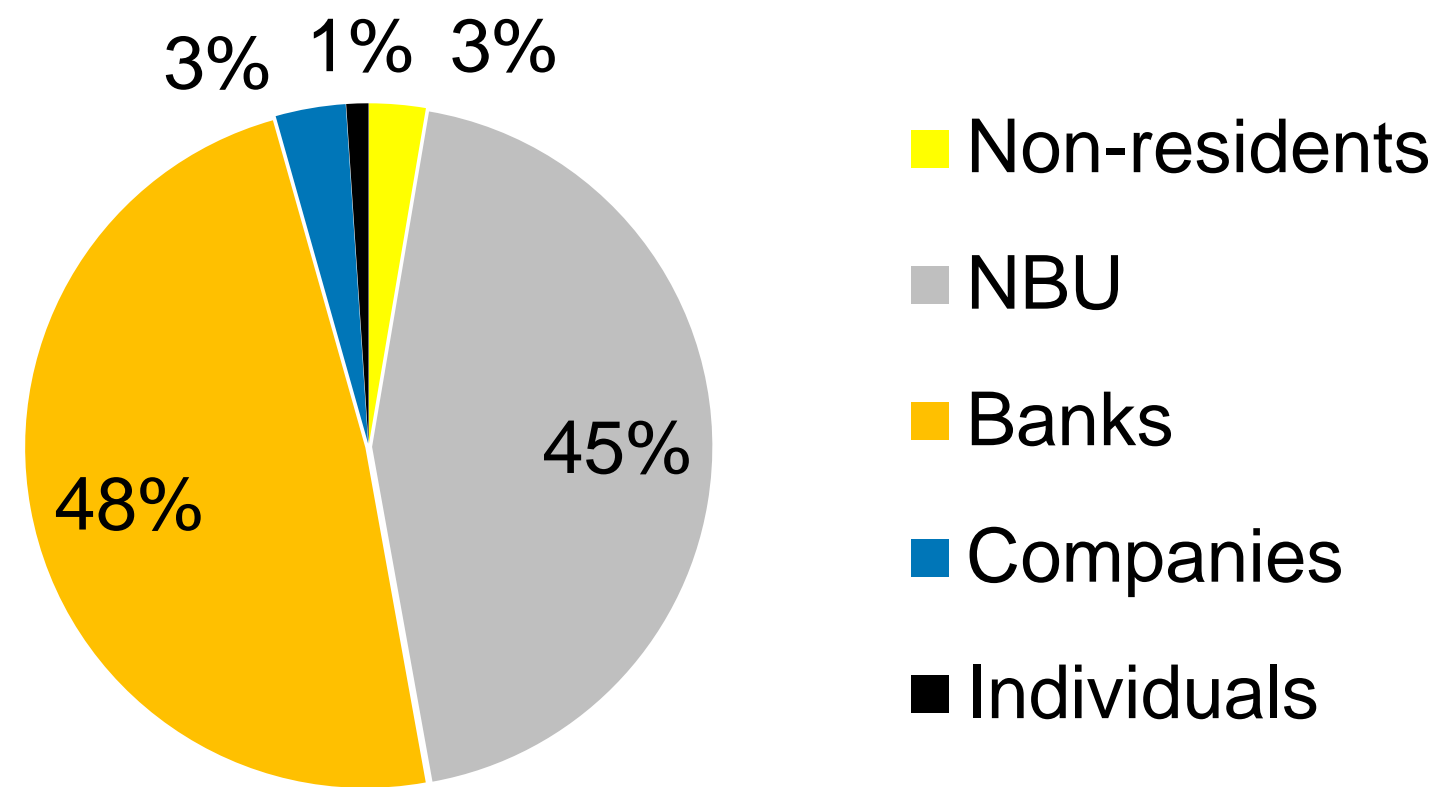


- State budget deficit totaled UAH 25.3 bn (the annual deficit for 2019 is defined at UAH 90 bn);
- Borrowings for financing general fund of the budget totaled UAH 112.9 bn: domestic borrowings at UAH 87.3 bn, external borrowings at UAH 25.7 bn;
- Debt redemption equaled UAH 94.3 bn;
- Privatization receipts totaled UAH 184.0 m or only 3.0% of target.

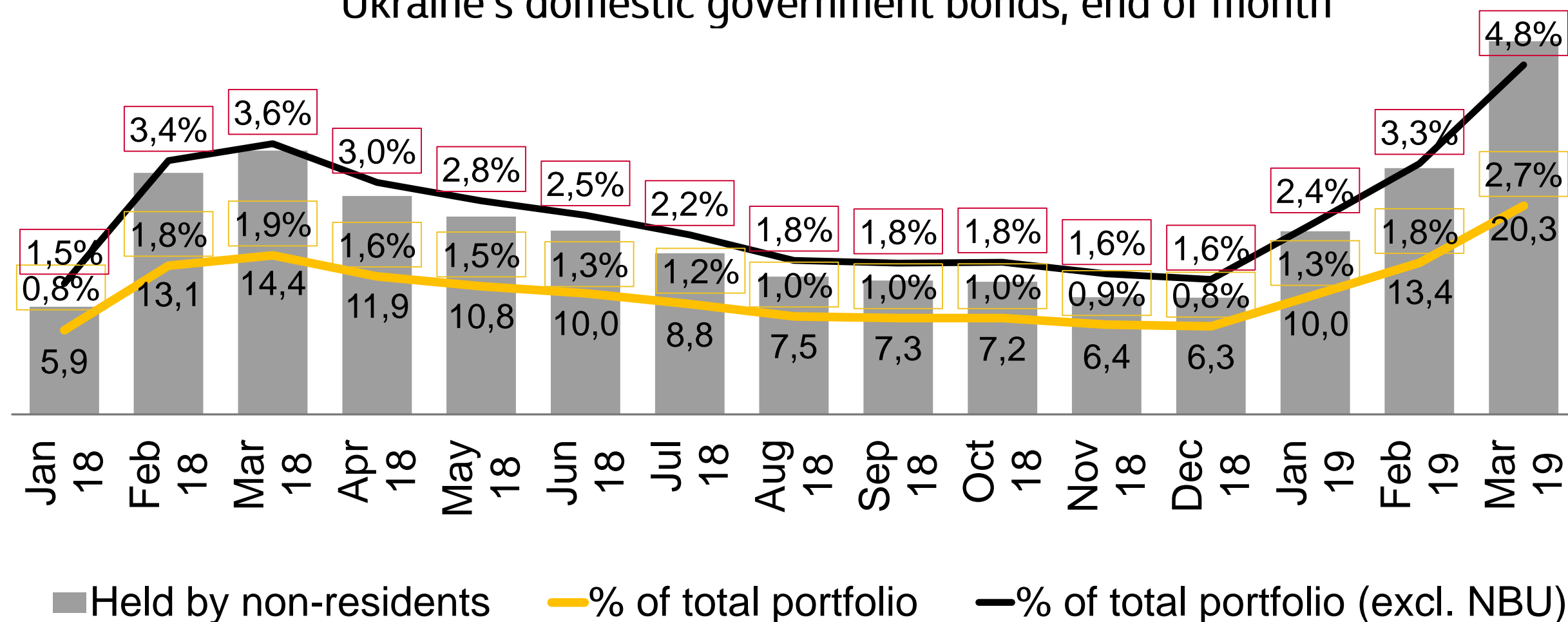


STATE DEBT

Structure of Ukraine's domestic government bonds' holders, as of April 1, 2019



Ukraine's domestic government bonds, end of month



Current credit ratings

Rating Agency	"Fitch Ratings"	"Standard & Poor's"
Long-term	B-	B-
Short-term	B	B
Outlook	Stable	Stable
Date of review	8 March 2019 – affirmed rating and outlook	19 October 2018 – affirmed rating and outlook

- High debt payments are scheduled for 2019 and 2020. Continuation of reforms, envisaged in the IMF program are important for the access of Ukraine to external financing and the provision of the second tranche of the loan under the MFA-IV by the EU and the guarantees of the World Bank.
- In March, the Ministry of Finance tapped 10-year USD 350 m Eurobonds with the maturity on November 1, 2028.
- In the end of the first quarter, direct state debt (preliminary figures) totaled UAH 1859.4 bn as compared to UAH 1860.3 bn in the end of 2018.
- Domestic government bonds as of April 1, 2019, totaled UAH 757 bn, which is by only 0.2% higher than in the end of 2018.
- Share of domestic government bonds that are held by non-residents increased from 0.8% to 3.0%.
- Fitch Rating affirmed long-term rating of Ukraine at B- (as compared to CCC in the end of 2015) with stable outlook.

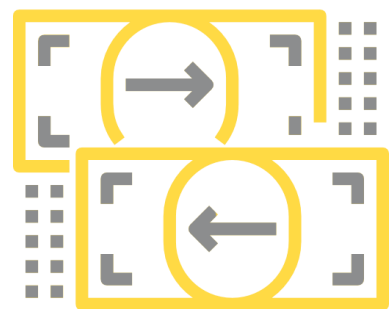


PENSION FUND BUDGET IN JANUARY-MARCH, 2019



Total PFU expenditures
UAH 103.7 bn (I Q 2019)

Own revenues
UAH 54.3 bn (I Q 2019)



Transfer from the State Budget
UAH 49.8 bn (I Q 2019)

Source: Pension Fund of Ukraine (PFU)

Spending of the Pension Fund in the first quarter of 2019 increased by 24.8% yoy to UAH 103.7 bn (without taking into account UAH 9.9 bn of advanced payment of January pensions of 2018 in December 2017).

In March 2019:

- Indexation of pensions;
- The payment of allowance of UAH 1200 to poorer pensioners (paid to 2.95 ^{mn} of pensioners).



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Annex



KEY MACROECONOMIC INDICATORS

Average monthly real wage, change yoy %

Year	January	February	March	April	May	June	July	August	September	October	November	December
2015	-17,3	-18,2	-24,6	-29,6	-27,6	-26,3	-22,2	-19,2	-18,6	-12,7	-14,0	-9,9
2016	-13,2	-8,3	1,6	7,6	12,2	17,3	14,8	15,4	15,6	6,2	8,4	11,6
2017	21,4	18,0	18,7	20,7	20,4	18,9	17,2	17,2	17,3	19,9	21,4	18,9
2018	12,3	10,5	9,5	12,5	14,1	13,0	14,7	15,7	12,9	14,2	11,4	9,7
2019	9,5	10,7										

Index capital investment, yoy %

Year	January -March	January -June	January -September	January -December
2011	113,0	112,1	111,5	114,2
2012	119,6	121,3	116,8	108,3
2013	96,1	87,1	89,7	92,1
2014	85,8	82,5	77,0	75,9
2015	85,2	90,8	94,0	98,3
2016	100,7	109,6	116,4	118,0
2017	121,4	122,5	120,7	122,1
2018	137,4	126,5	119,9	116,4



KEY MACROECONOMIC INDICATORS FOR 2010-2019

Index retail trade, change yoy %

Year	January	January - February	January - March	January - April	January - May	January - June	January - July	January - August	January - September	January - October	January - November	January - December
2010	95,2	95,3	97,4	97,9	101,1	102,3	104,0	104,6	105,1	105,9	106,8	107,6
2011	111,7	112,7	113,5	114,9	115,5	115,2	115,0	115,2	115,2	114,9	114,5	114,7
2012	113,8	114,6	114,2	114,8	115,5	116,0	117,4	116,0	116,0	115,7	115,7	115,9
2013	114,1	114,7	111,8	111,9	111,6	110,2	110,4	110,1	109,5	109,3	109,0	108,6
2014	109,0	109,0	106,8	104,7	102,9	100,2	99,0	96,0	93,6	93,2	92,5	91,1
2015	77,4	78,8	76,1	74,7	75,3	75,4	76,4	76,9	77,7	78,3	78,6	79,3
2016	98,6	98,3	99,3	102,5	101,8	102,6	102,4	103,1	104,0	103,0	103,7	104,3
2017	103,1	100,5	106,1	105,8	107,1	108,7	108,0	108,7	108,7	108,2	108,0	106,5
2018	109,6	107,5	106,2	107,0	106,1	105,1	106,0	105,4	105,5	105,4	106,2	106,1
2019	106,3	106,8										

Unemployment level, %

Year	January - March	January - June	January - September	January - December
2010	9,0	8,5	8,0	8,1
2011	8,7	8,2	7,8	7,9
2012	8,4	7,8	7,4	7,5
2013	8,0	7,5	7,0	7,2
2014	9,0	8,6	8,9	9,3
2015	9,6	9,2	9,0	9,1
2016	9,9	9,4	9,2	9,3
2017	10,1	9,6	9,4	9,5
2018	9,7	8,9	8,6	8,8



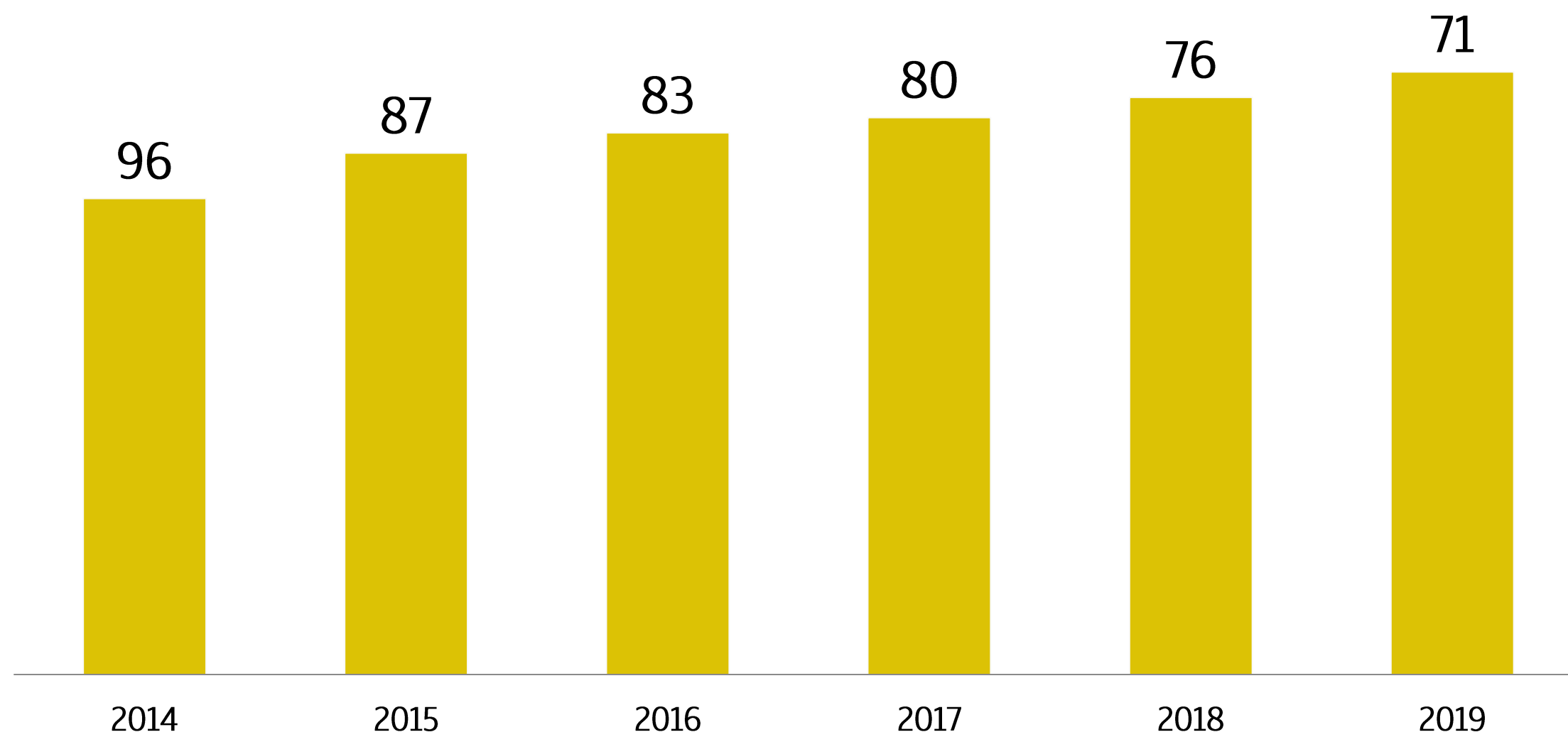
KEY CONSOLIDATED BUDGET INDICATORS IN 2015-2019, UAH m

		Revenues					Expenditures			Deficit "-" / Surplus "+"	Privatization
		Total	Personal income taxes	Corporate profit tax	VAT	Excise duty	Total	Current expenditures	Capital expenditures		
2015	Q1	140264,7	20496,9	16598,9	42987,0	13675,6	126028,3	119472,9	6555,4	13969,7	104,1
	Q2	158398,0	24222,1	7904,1	41685,8	17647,8	159206,3	153436,2	5770,1	-1699,1	12,7
	Q3	169274,5	25396,3	7009,4	45531,9	19265,6	147955,4	136290,6	11664,8	20238,3	10,1
	Q4	184093,7	29867,9	7540,7	48247,7	20206,2	246681,4	223919,2	22762,2	-63407,1	24,6
2016	Q1	163436,5	28740,4	16134,1	53086,2	21148,4	159996,6	155979,5	4017,0	3869,2	24,3
	Q2	176066,0	33872,4	11001,0	61189,4	25042,0	190430,2	181422,1	9008,2	-15148,6	17,7
	Q3	185755,5	35802,7	12902,7	54164,3	27462,2	206256,4	186631,0	19625,4	-20413,3	30,8
	Q4	257601,4	40366,3	20185,4	67066,1	28098,1	279148,8	238669,8	40479,0	-23121,1	116,1
2017	Q1	220492,2	38961,2	14498,0	80151,3	25893,7	216533,1	211208,6	5324,5	4005,3	17,0
	Q2	275479,7	45654,5	20333,6	67920,2	28888,3	227319,2	212890,3	14428,9	48136,4	93,8
	Q3	245199,0	47277,0	18254,0	75863,9	31164,4	255806,0	232636,5	23169,5	-10509,2	3192,0
	Q4	275798,6	53793,4	20311,2	90045,1	35503,0	357314,9	300347,8	56967,1	-83758,2	74,0
2018	Q1	248852,8	48890,9	31737,3	84484,6	26168,7	251947,2	244698,8	7248,4	-2989,9	34,6
	Q2	318546,4	56744,7	25377,0	89816,9	30046,8	305006,8	280077,9	24928,9	13455,9	15,3
	Q3	289767,1	58121,2	24469,2	94196,5	37669,6	284640,3	249882,2	34758,0	4073,4	27,4
	Q4	327111,9	66143,9	24598,8	106010,1	38764,7	408579,3	331343,7	77235,6	-14539,3	191,4
2019	Q1	276214,3					283752,7			-7538,4	



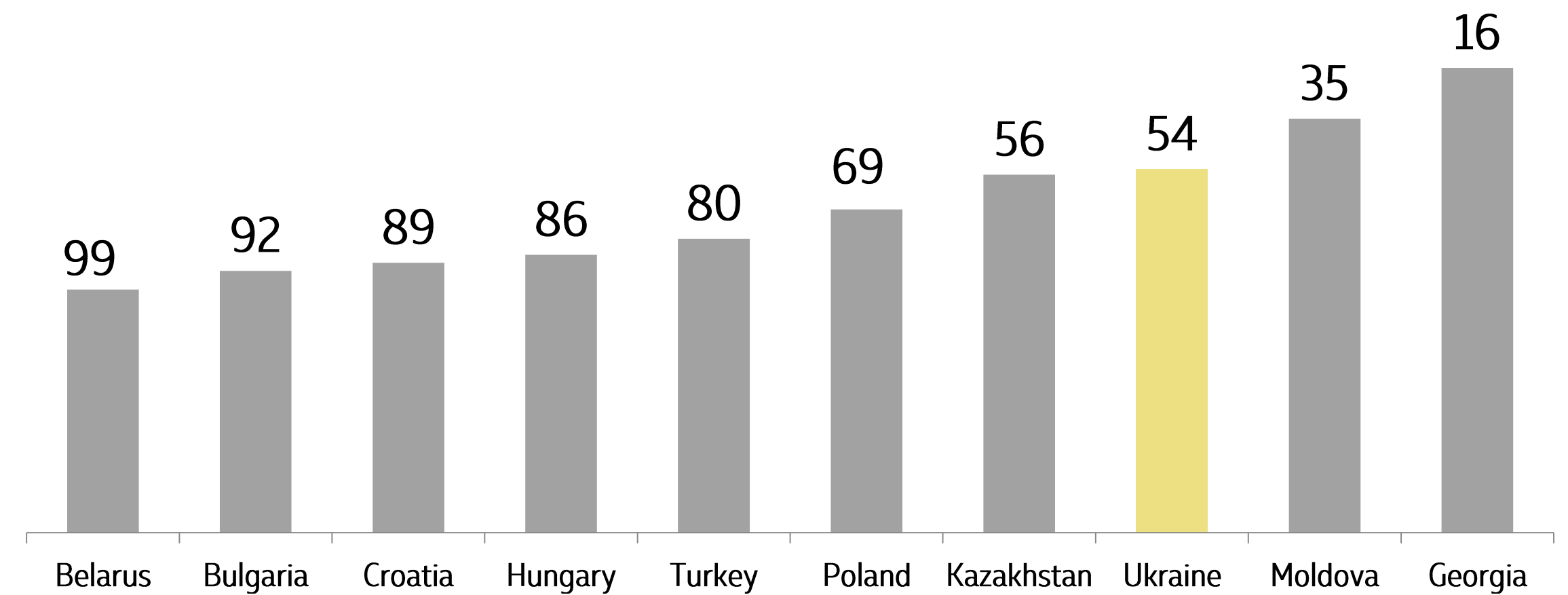
DOING BUSINESS UKRAINE

Doing Business Ukraine



Source: World Bank

Subindex «taxation» in DB2019



Source: World Bank

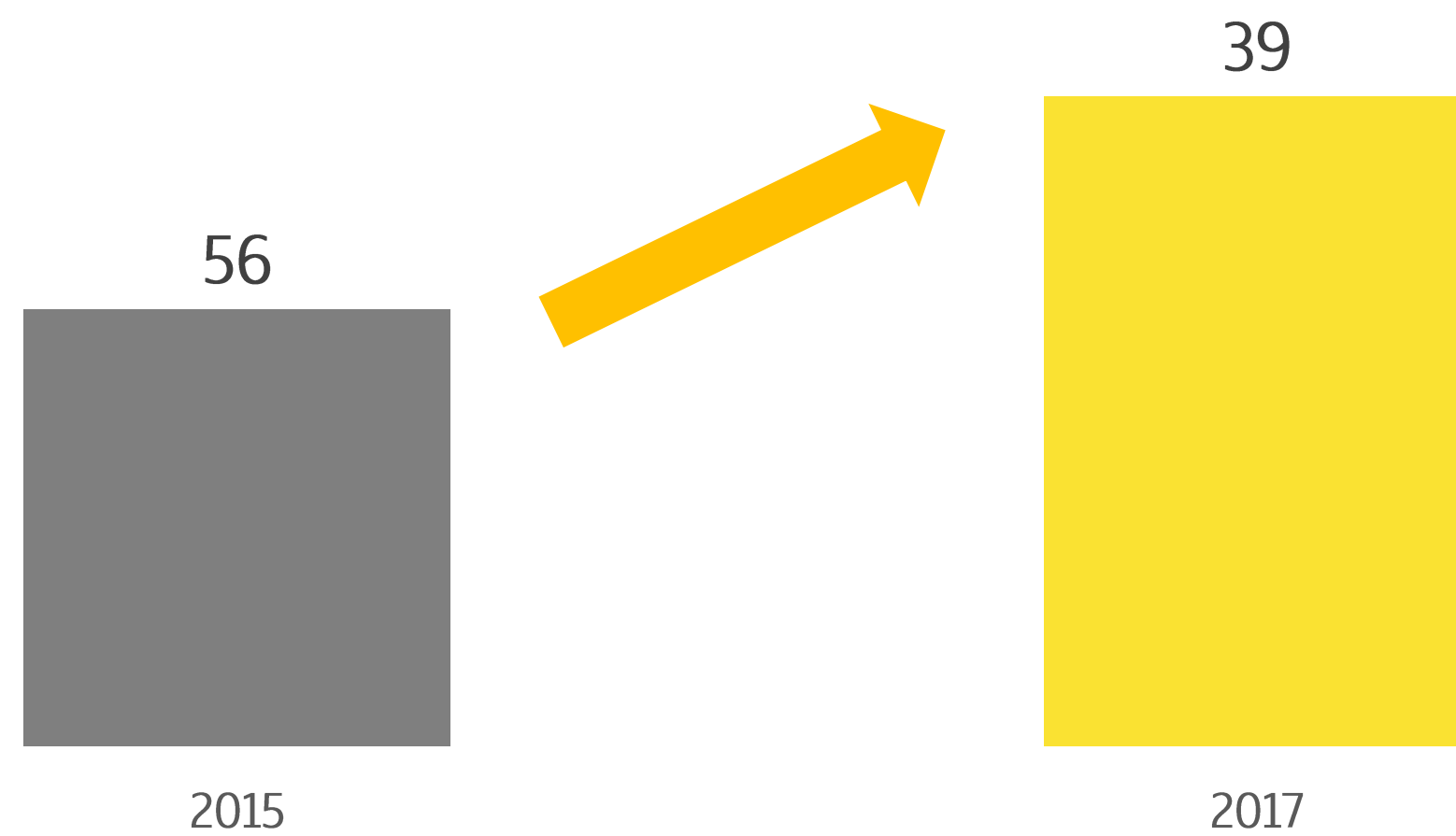
Key factors behind improvement of business-climate (Doing Business):

- Deregulation of construction permits;
- Improvement of protection of minority investors;
- Better regulation of external trade;
- Improved enforcing contracts.



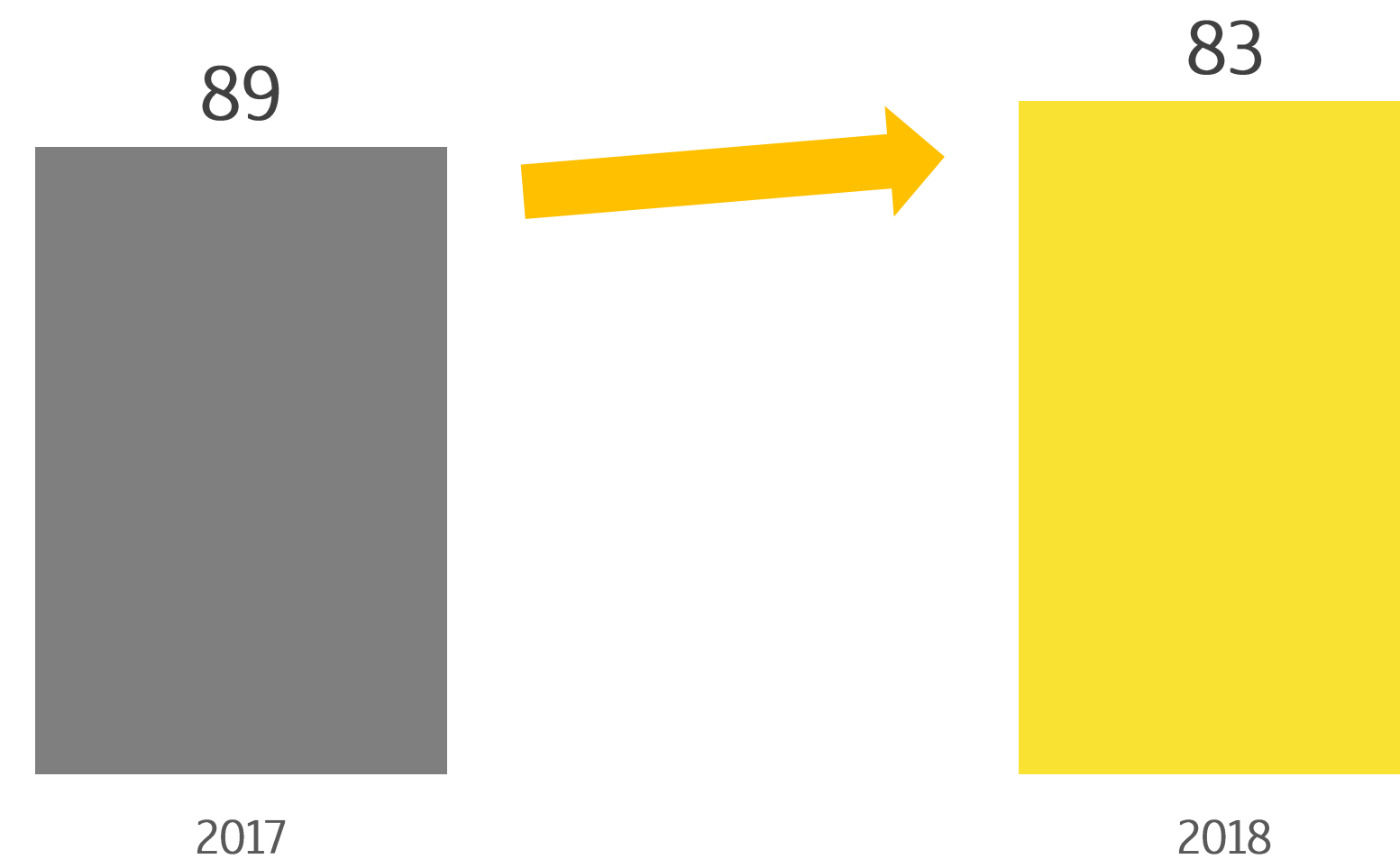
UKRAINE'S RATINGS IMPROVED

Open Budget Index



Source: International Budget Partnership

The Global Competitiveness Index



Source: World Economic Forum

- Increased efficiency and transparency of budget process:
 - Increased transparency due to MoF project «e-Data» attributed to the increased rating in **Open Budget Index** in 2017 by 19 positions to 39th place.



SUBSTANTIAL SUPPORT FROM INTERNATIONAL PARTNERS IN 2017-2019



International Monetary Fund

IMF 4-year Extended Fund Facility (EFF) program (2015-2019): c.USD 8.5 bn received (as of October 2018). The EFF program replaced with a new 14-month Stand-By Program

New Stand-By Arrangement (139% of quota) with total program size amounting to the equivalent of c.US\$ 3.9bn approved by the IMF Board of Directors in December 2018 (first tranche of c.US\$ 1.4bn disbursed immediately)



World Bank

USD 750m Policy-Based Guarantee (PBG) to support institutional reforms and sustainable economic growth in Ukraine approved in December 2018

Loan with total size of c.EUR 349m attracted under the PBG in December, 2018 + EUR 529 m attracted under the PBG in March 2019.

IFC financing and advisory expertise for public and private sectors:

First loan in national currency, financing for Ukrainian PE fund, development of PPP projects at Ukrainian sea ports, loans to support private sector development



EBRD

EBRD: c.EUR 543 m of project financing to public and private sector in 2018

EIB

Dedicated funding towards renewable energy sector (EUR 250m USELF III launched in June 2018)

EU

EIB: EUR 393 m of loans granted in 2018 with c.34% provided to Ukrainian private sector and the rest 66% directed towards transport connectivity and road safety improvement as well as upgrade of energy and road infrastructure

EU: EUR 1 bn macro financial assistance split into 2 tranches (EUR 500m disbursed in December 2018, second tranche expected in 2019)



USA

USA: USD 250 m funding dedicated to security and defense assistance to Ukraine in 2019

USAID

USAID: Financial support to promote economic and social development together with sectoral reforms



MINISTRY OF FINANCE OF UKRAINE

DRIVER OF REFORMS

