



MINISTRY OF
FINANCE OF
UKRAINE

Macroeconomic outlook

No.3, March 2019



HIGHLIGHTS

- *Real GDP is estimated to grow by 3.2% in 2018 (according to the estimate of the MinEc), which is the highest growth rate over last seven years. Domestic demand remained key driving force of economic growth.*
- **Performance of industry and wholesale trade worsened in January 2019.**
- In January terms of trade for some Ukrainian commodities deteriorated (grains and ferrous metals), which is explained by USD acceleration after the increase in the FED rate (on Dec. 19, 2018 from 2,25% to 2,5%)
- **Inflation decelerated further** backed by the tight monetary policy and stable exchange rate. CPI growth in January 2019 slowed down to 9.2% yoy from 14.1% yoy in the same period of last year. PPI increased by 10.4% yoy (as compared to 22% yoy in January 2018).
- Exports of goods and services increased more than imports, which resulted in improved current account balance in January 2019. However, balance of payment was still negative as in January 2018.
- In the first two months of the year central fiscal revenues reached UAH 124.8 bn or 99.2% of target. They increased by UAH 13.3 bn or 12.0% yoy.
- Central fiscal expenditures increased by 22.3% yoy to UAH 138.4 bn,
- Central fiscal deficit was financed at the account of domestic borrowings. Overall, in January-February the MinFin issued state domestic bonds in equivalent of UAH 60.1 bn.
- On March 1, The Government received on its FX account EUR 512 m of borrowings under the World Bank PBG.



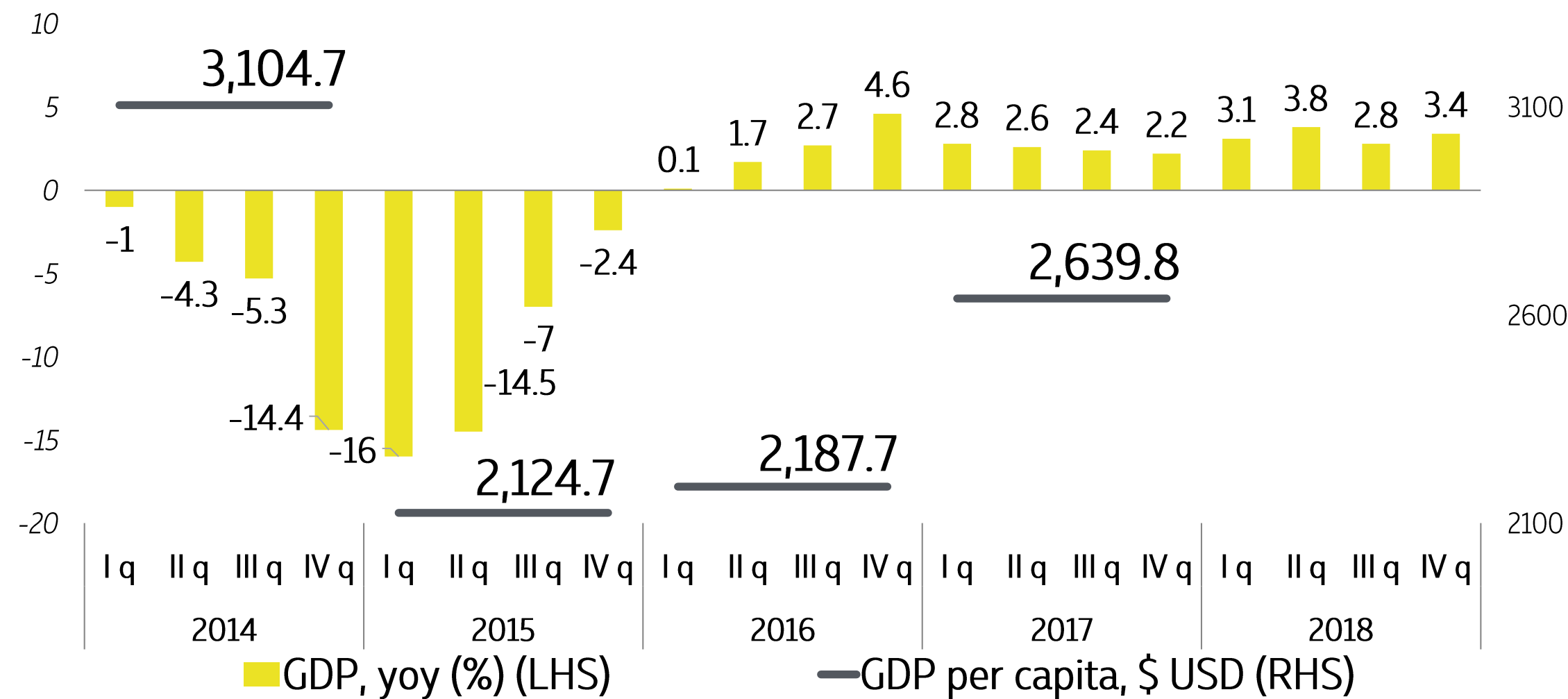
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Key macroeconomic indicators



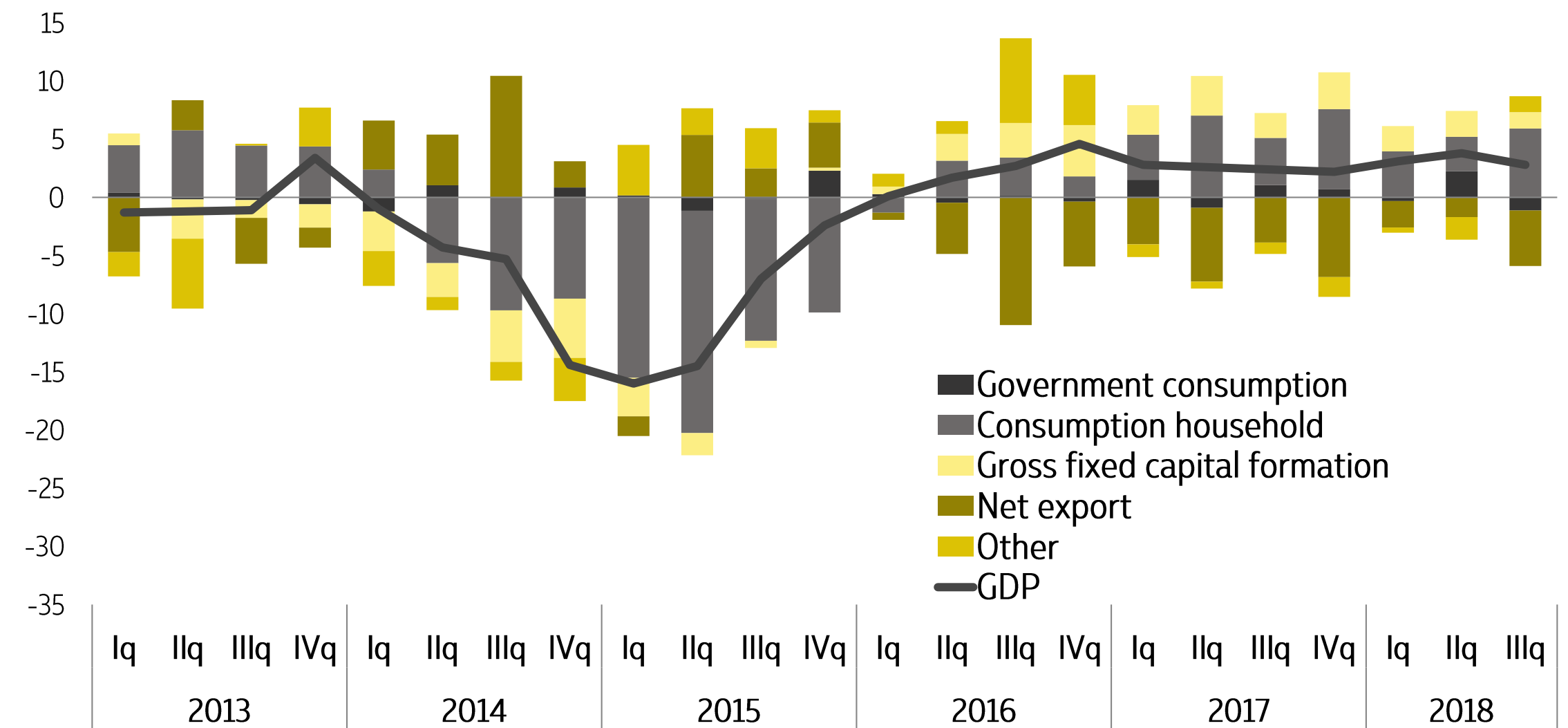
DOMESTIC DEMAND REMAINS DRIVING FORCE OF ECONOMIC GROWTH

Real GDP and GDP per capita



Source: Ukrstat, World Bank

Contributions to real GDP growth, p.p.



Source: Ukrstat, calculations of the MoF

According to the preliminary estimate, real GDP grew by 3.4% yoy in the fourth quarter of 2018.

The MinEc estimates real GDP growth at 3.2% in 2018. Domestic demand remained driving force of economic growth::

- consumption growth was supported by increase in disposable income (wage growth due to tight labour market, particularly caused by labour migration);
- Investments were primarily financed by own capital of companies and fiscal capital outlays due to high need for the modernization of fixed assets and investments in infrastructure;
- contribution of net real exports to GDP growth remained negative.

On production side, real gross value added was primarily supported by growth of retail trade, construction and agriculture.



KEY MACROECONOMIC INDICATORS FOR UKRAINE IN 2016-2019

Indicator	2016	2017	2018					2019
			I Q	II Q	III Q	IV Q	Jan-Dec	Jan
Nominal GDP, UAH bn	2385,4	2983,9	700,4	807,3	994,4	1060,8 ¹	3562,9 ²	X
Real GDP, change, %	2,4	2,5	3,1	3,8	2,8	3,4 ³	3,2 ²	X
CPI, % yoy in December	112,4	113,7	113,7 ⁴	111,5 ⁴	108,9 ⁴	109,7 ⁴	109,8	109,2
PPI, % yoy in December	135,7	116,5	119,2 ⁴	116,4 ⁴	118,9 ⁴	115,8 ⁴	114,2	110,4
Agricultural production, change, %	6,3	-2,2	-0,5	11,4 ⁵	4,9 ⁵	7,8 ⁵	7,8	3,0
Retail trade turnover, change, %	4,3	6,5	7,6	6,2 ⁵	5,5 ⁵	6,1 ⁵	6,1	6,3
Average monthly wages, UAH	5183	7104	7974	8781	9063	9648	8865	9223
Real wage, % yoy in December	9,0	19,1	10,9 ⁶	13,3 ⁶	14,5 ⁶	11,7 ⁶	12,5	9,5
ILO unemployed, % of economic activity population	9,3	9,5	9,7	8,3	8,0	X	X	X
Current account balance, USD bn	-1,3	-2,4	-0,6	0	-2,7	-1,3	-4,7	0,4
Exports of goods and services, % yoy	-3,9	17,1	9,2	13,6	8,4	7,4	9,5	9,0
Imports of goods and services, % yoy	4,5	19,2	12,8	13,9	15,2	9,6	12,8	2,0

¹ calculations of the Ministry of Finance on the basis of the annual assessment of the MEDT and quarterly data of the State

Statistics Service

² MEDT estimates

³ assessment of the State Statistics Service

⁴ q/q-4

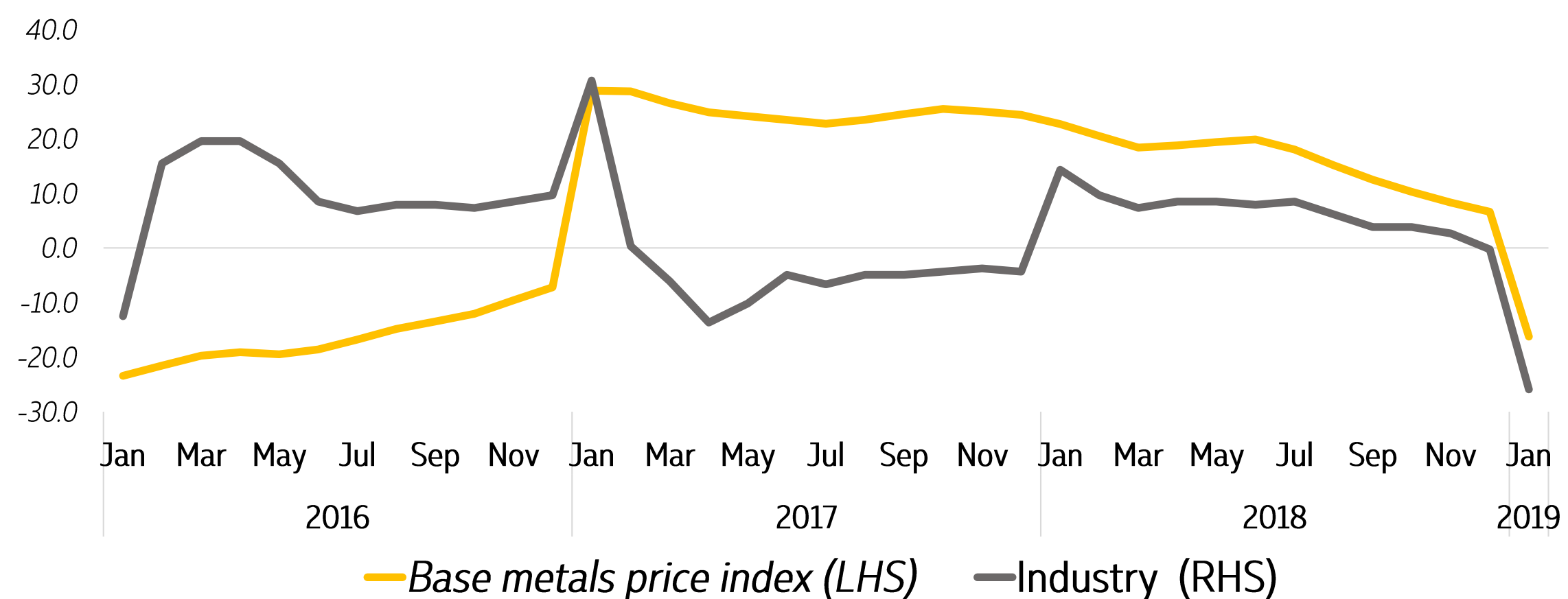
⁵ cumulative data

⁶ Ministry of Finance assessment on the basis of the quarterly data of the State Statistics Service



PERFORMANCE OF SECTORS WAS DIVERSED

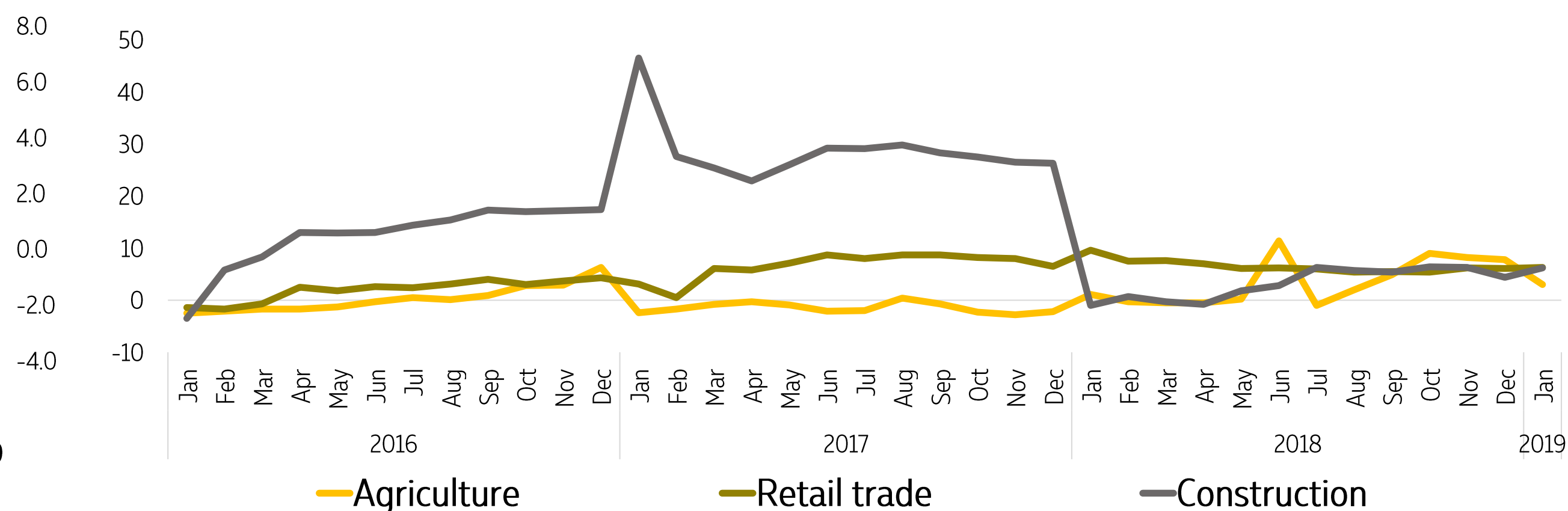
Industry growth and development of base metals price, % yoy, cumulative



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



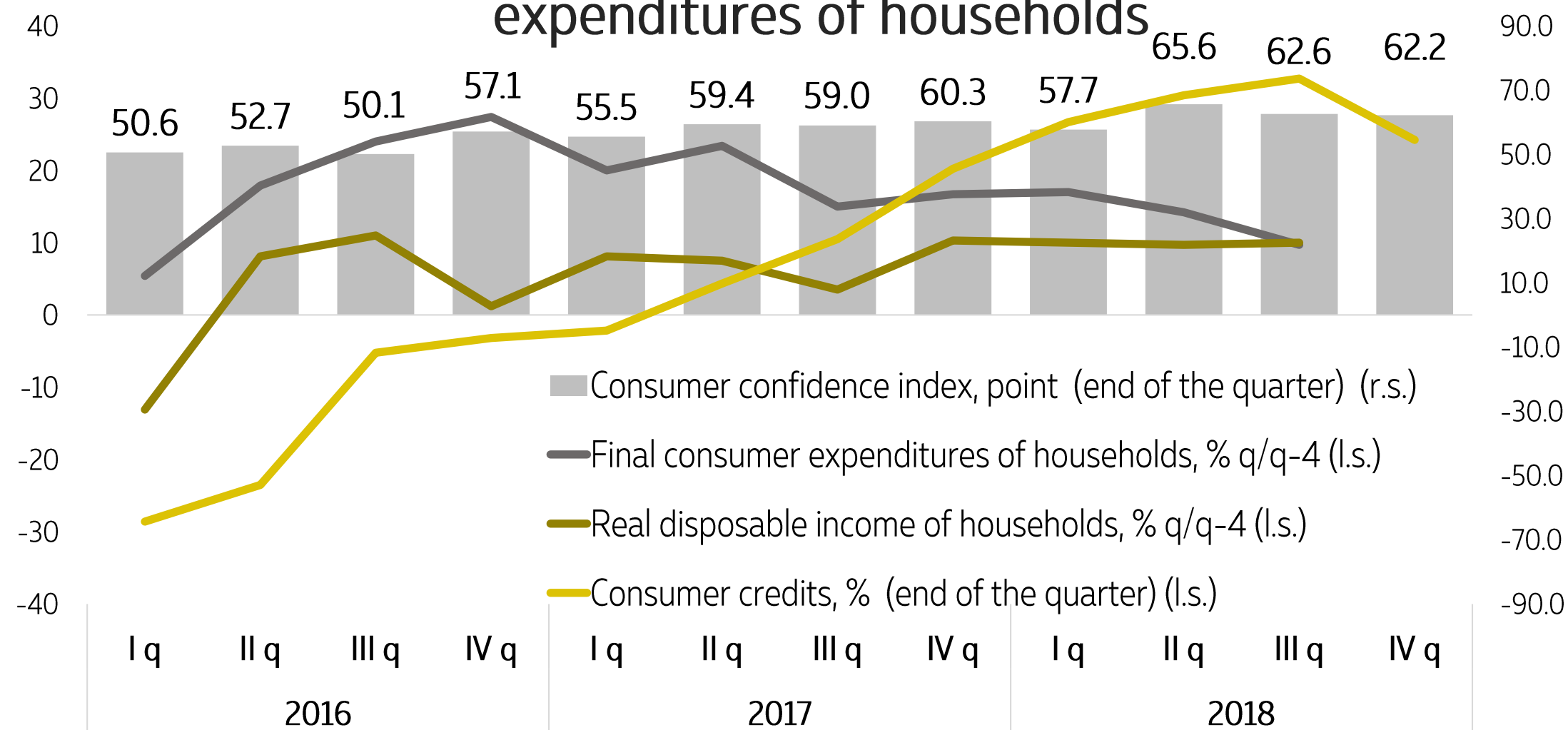
Source: Ukrstat

- In January economic recovery was restricted by decline in industrial output (by 3.3% yoy) and respective contraction of wholesale trade (by 4.8% yoy).
- Households oriented sectors demonstrated growth (including retail trade increase by 6.3% yoy, messenger transportation by 3% yoy). They were supported by wage growth and favorable consumer sentiments.
- Agriculture grew by 3% yoy due to higher sales of livestock and bigger egg production (by 4.8% yoy).



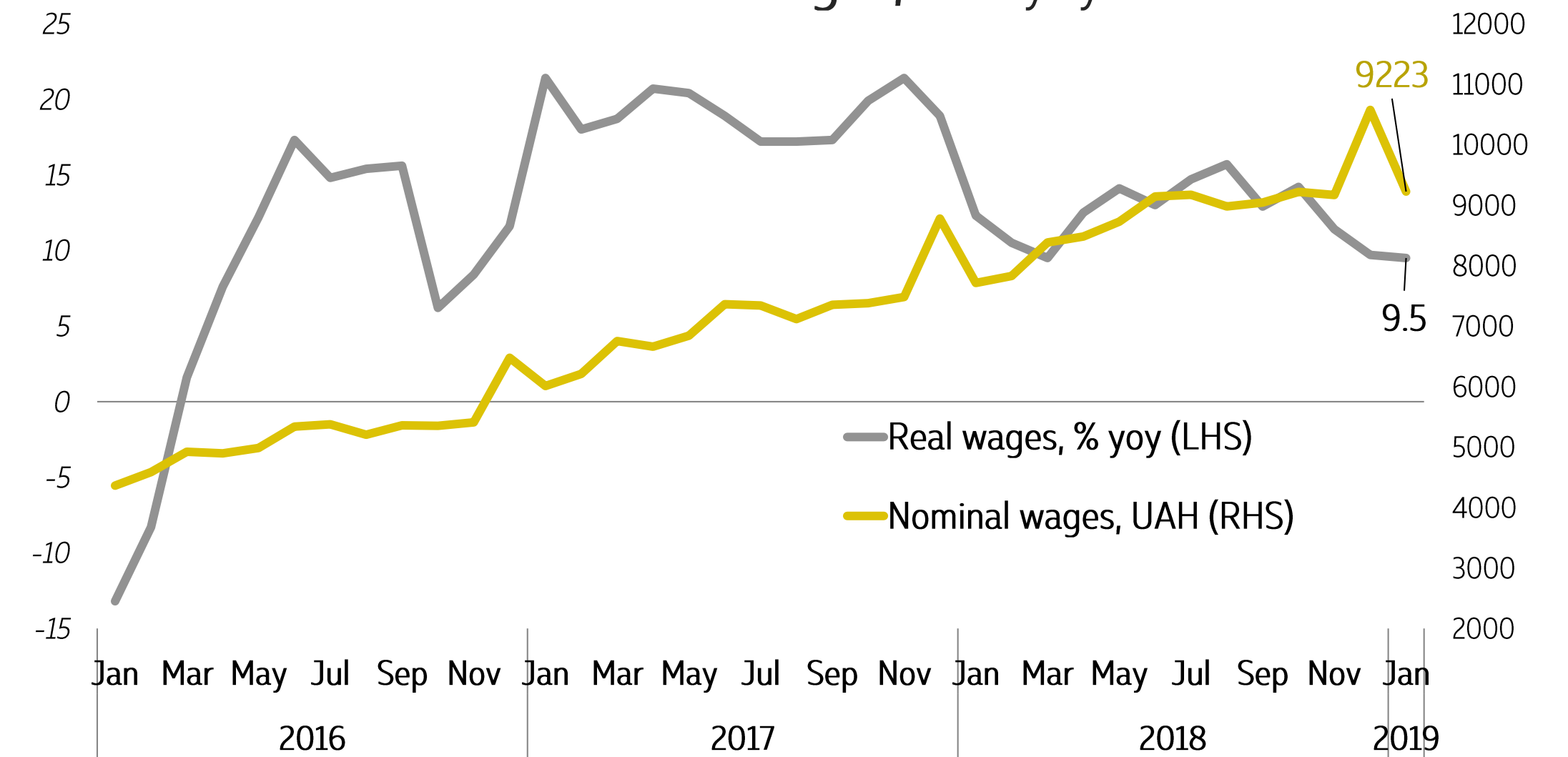
PRIVATE FINAL CONSUMPTION HAS BEEN GROWING SINCE 2Q 2016

Dynamics of the factors influencing the final consumer expenditures of households



Source: Ukrstat, National Bank of Ukraine, GFK

Real and nominal wages, in % yoy and UAH



Source: Ukrstat

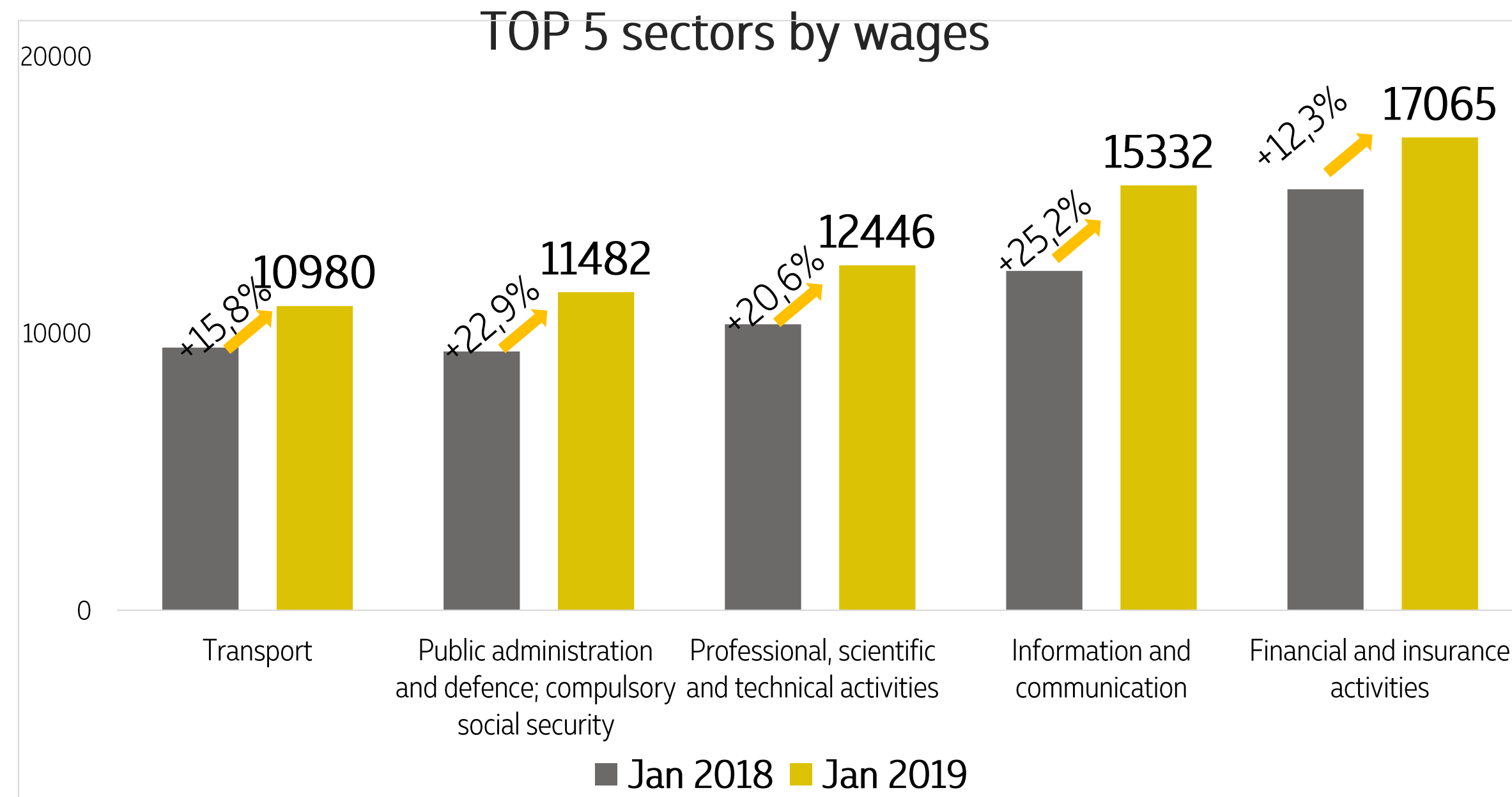
- Private consumption grew due to higher population income, improved consumer sentiments, higher remittances, higher banking lending, and decelerated inflation.

Note. According to the GFK-Ukraine in the end of 2018 Consumer Confidence Index increased by 1.9 p.p. to 62.2 as compared to the same period of 2017.

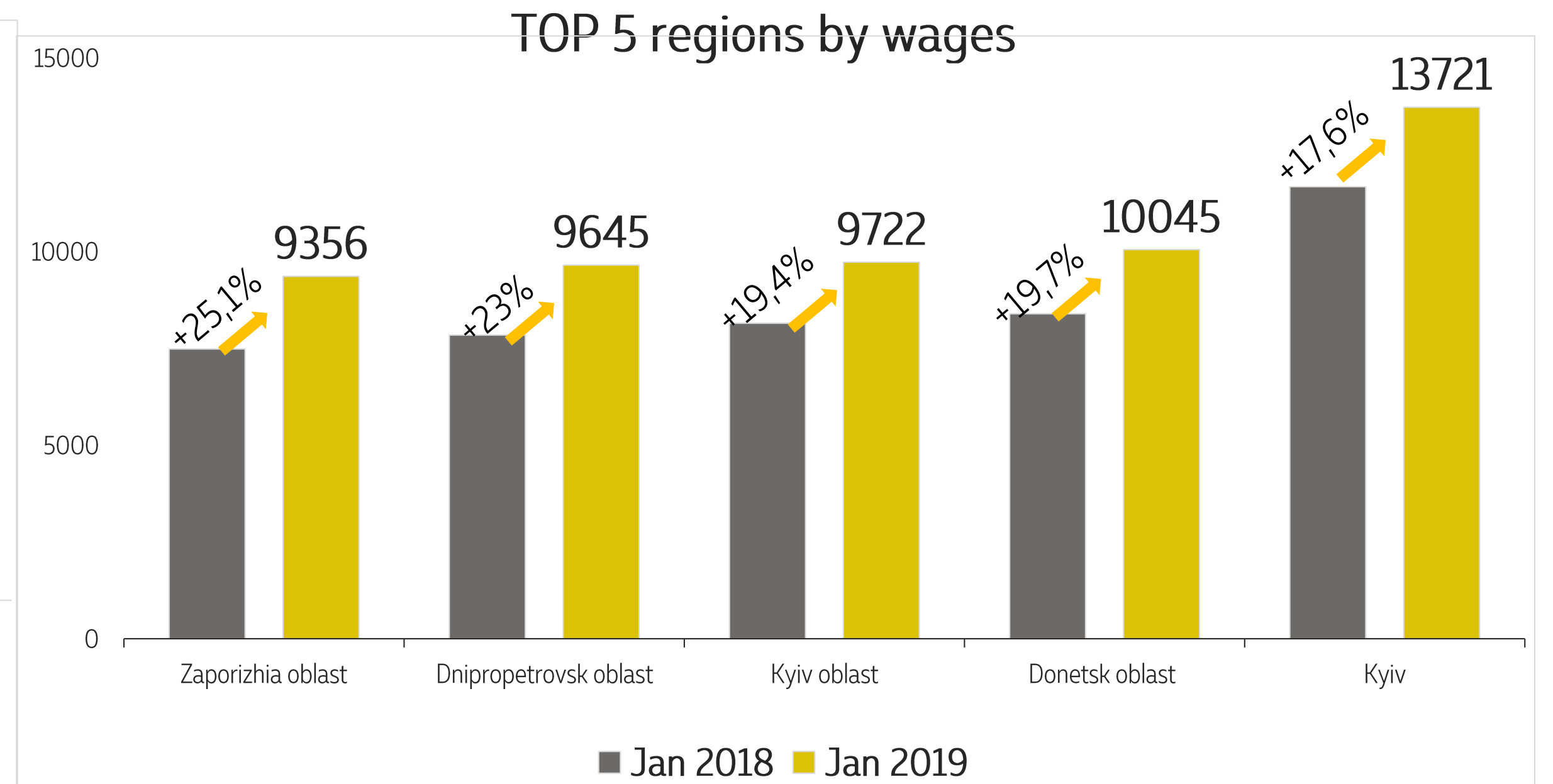
- Real wages in January 2018 grew by 9.5% yoy due to following factors:
 - increase in minimum wage by 12.1%,
 - improved financial situation of companies,
 - increased competition for labour due to labour migration primarily to the EU.



TOP 5 SECTORS AND REGIONS BY WAGE LEVEL NO CHANGES



Source: Ukrstat



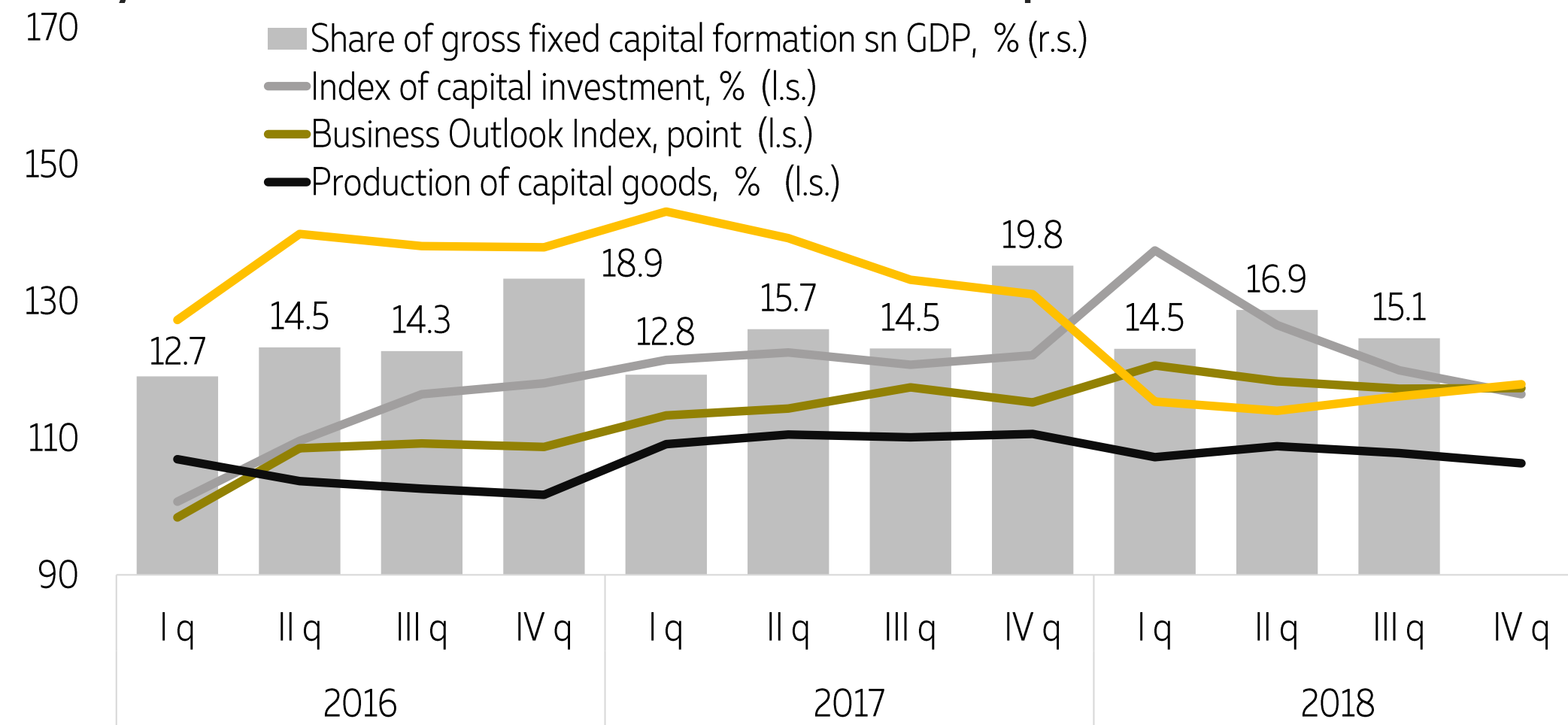
Source: Ukrstat

- The TOP-5 sectors with higher wages did not change substantially, but no the transport is in the list. Financial and insurance sector paid the highest wages at UAH 17100 on average per month.
- IT was among the industry with the highest wage growth (by 25.2% yoy);
- TOP5 regions by the level of wage payment did not change. The highest wages are paid in Kyiv (UAH 13700). From TOP5 Zaporizhzhia oblast demonstrated the highest wage growth rates (by 25.1% yoy).



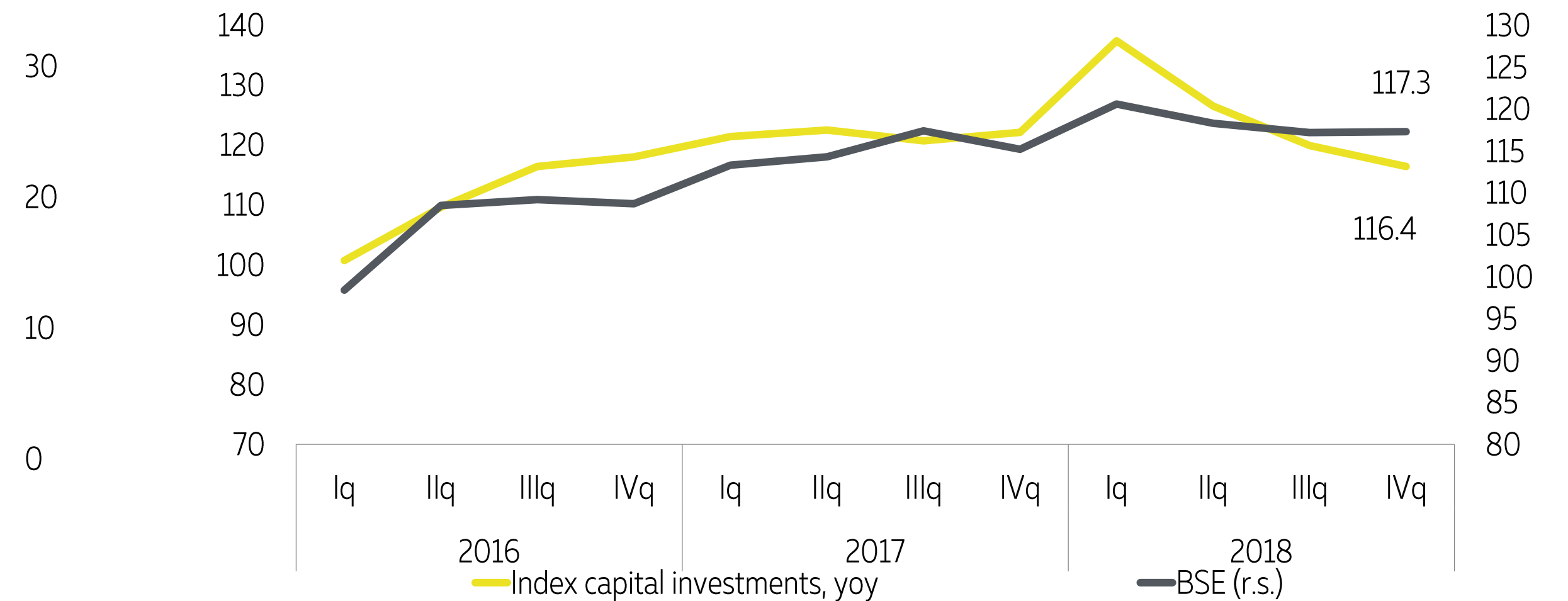
INVESTMENTS ARE GROWING FROM LOW STATISTICAL BASE, BUSINESS EXPECTATIONS REMAIN POSITIVE

Dynamics of factors of influence on capital investments



Source: Ukrstat, National Bank of Ukraine

Capital investments and business expectation index



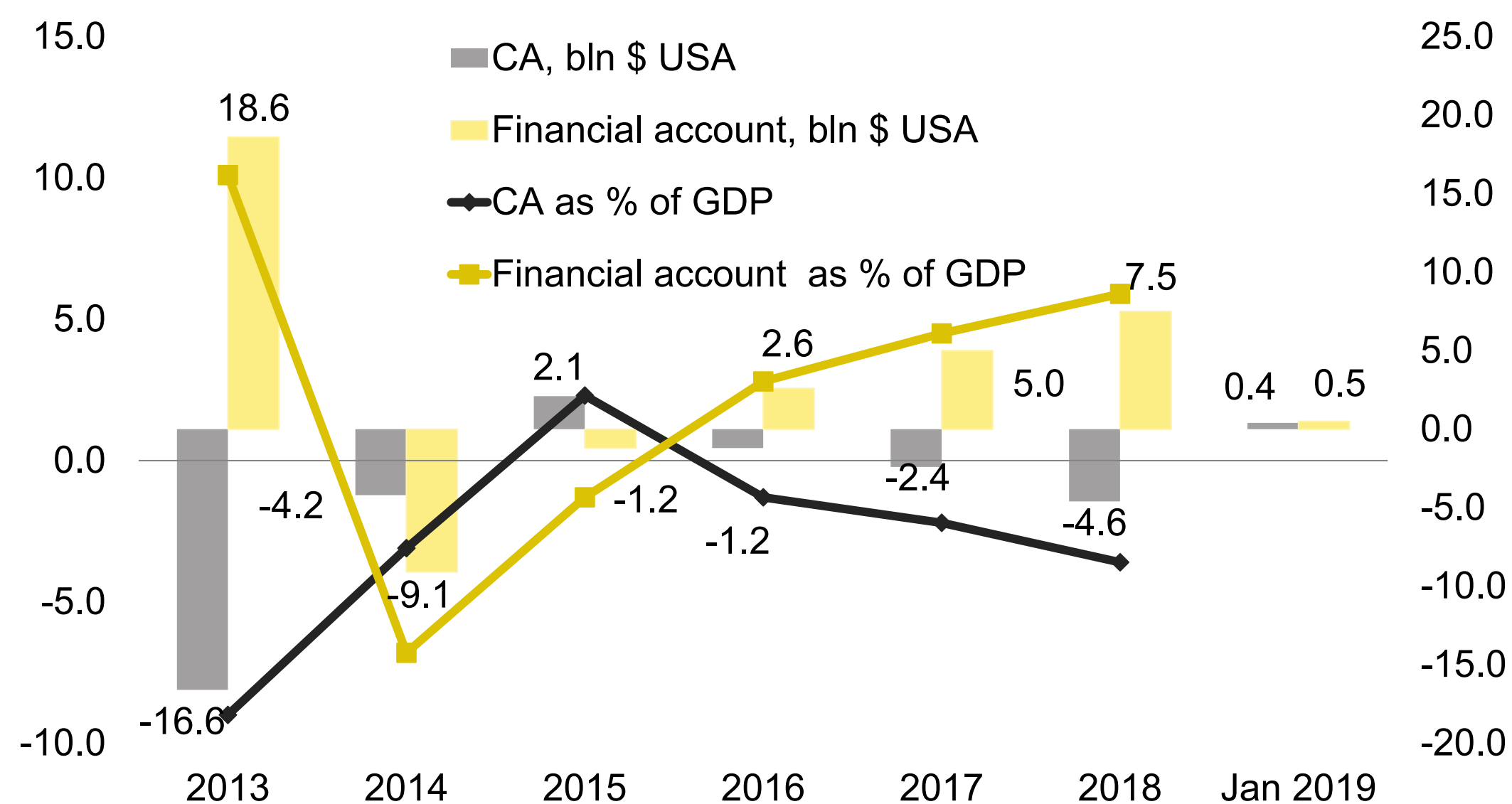
Source: Ukrstat, National Bank of Ukraine
Note: BSE- business expectations

- Business outlook index (by NBU) in the fourth quarter of 2018 equaled 117.3. Positive business sentiments and gradual improvement of business climate (reflected by Ukraine's rank in Doing Business) result in higher investments.
- As domestic production of investment goods is not sufficient to cover the domestic demand, imports of machine building products grew by 17.8% in 2018.
- However, the share of investments in GDP still remains low (at 15% of GDP in the third quarter of 2018), while in Belarus - 25%, in Romania - 23%, Hungary and Moldova - 22%, Slovakia - 21%.



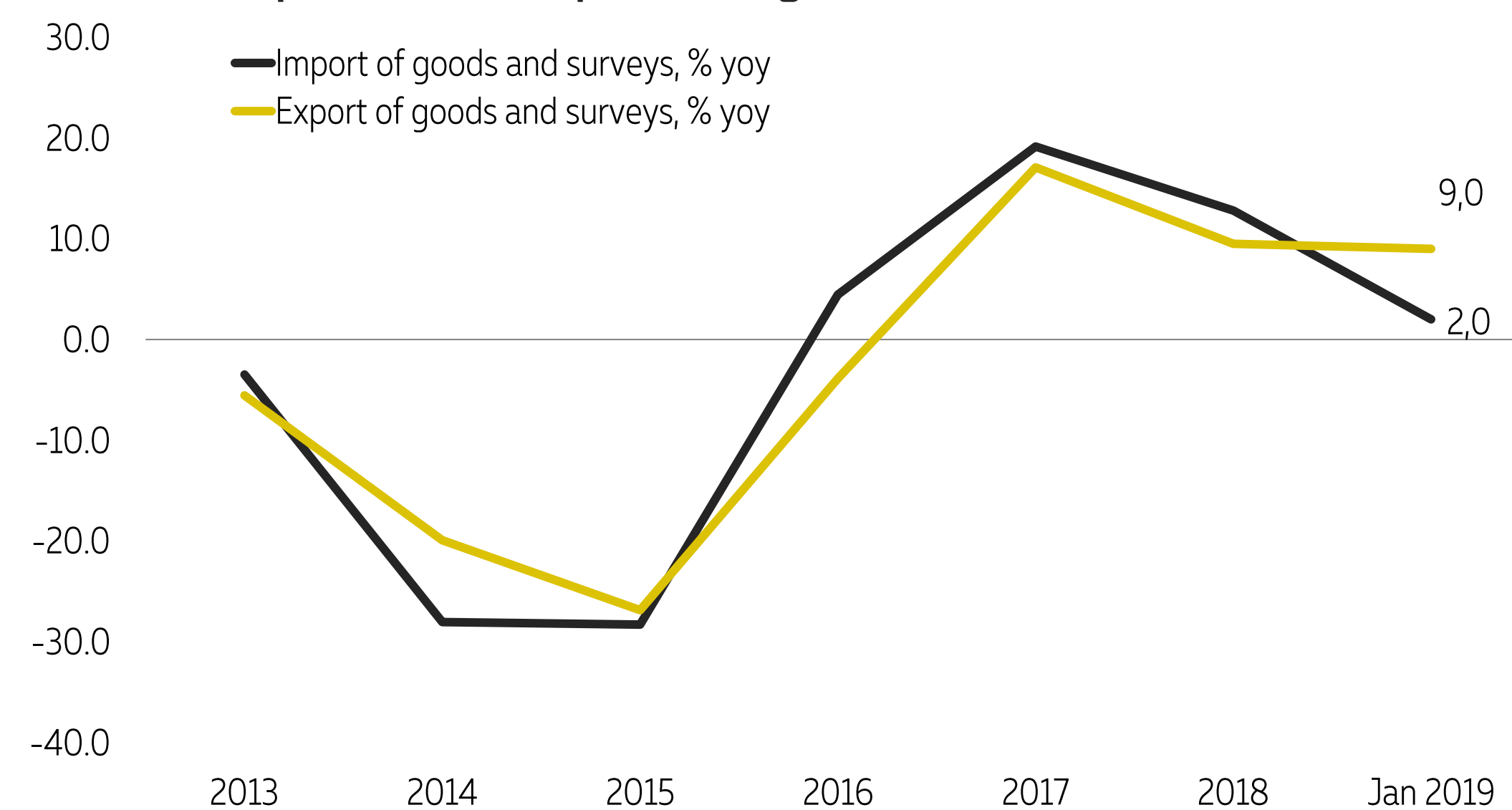
IN JANUARY 2019 CURRENT ACCOUNT SURPLUS WIDENED

Current account and financial account



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

Exports and imports of goods and services

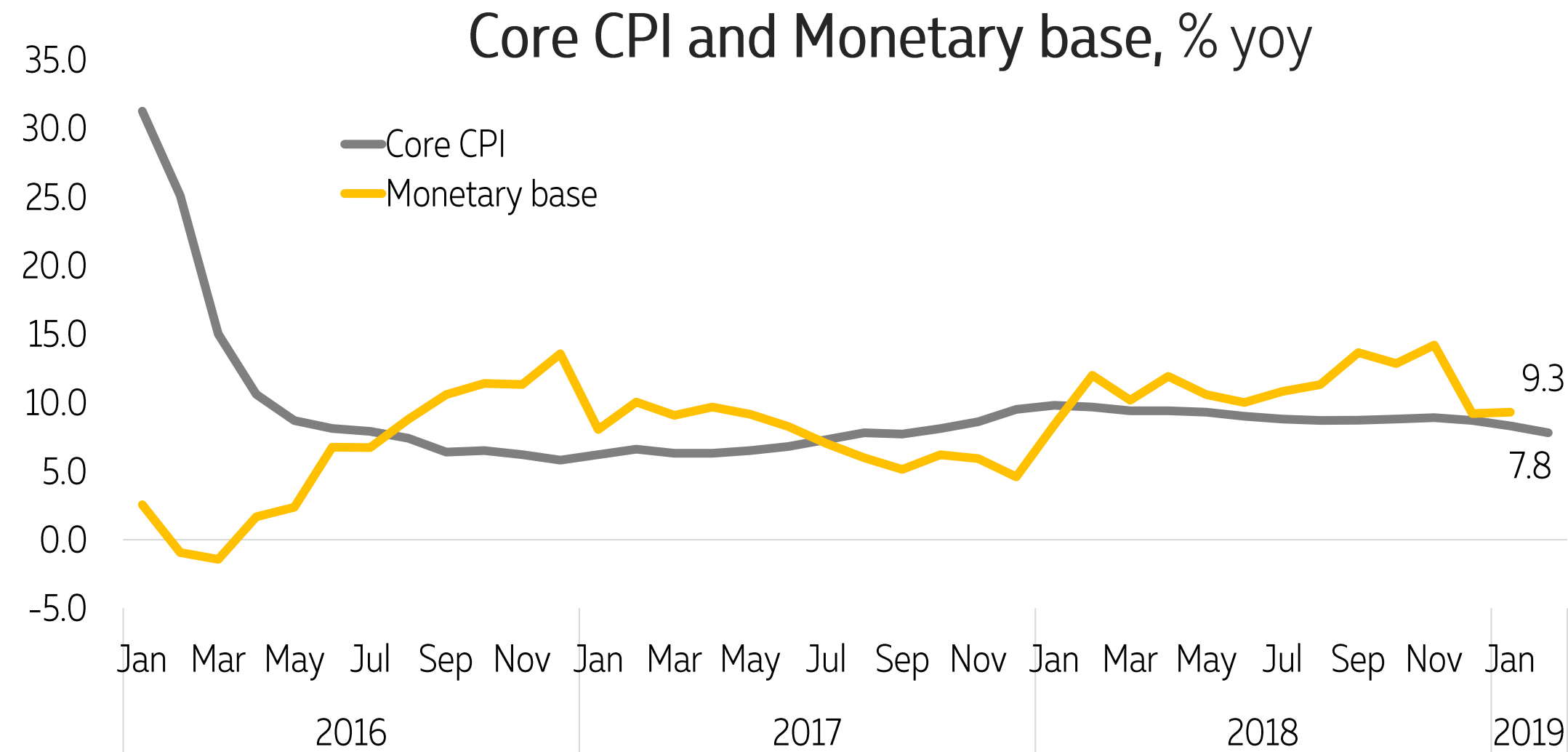


Source: National Bank of Ukraine (NBU)

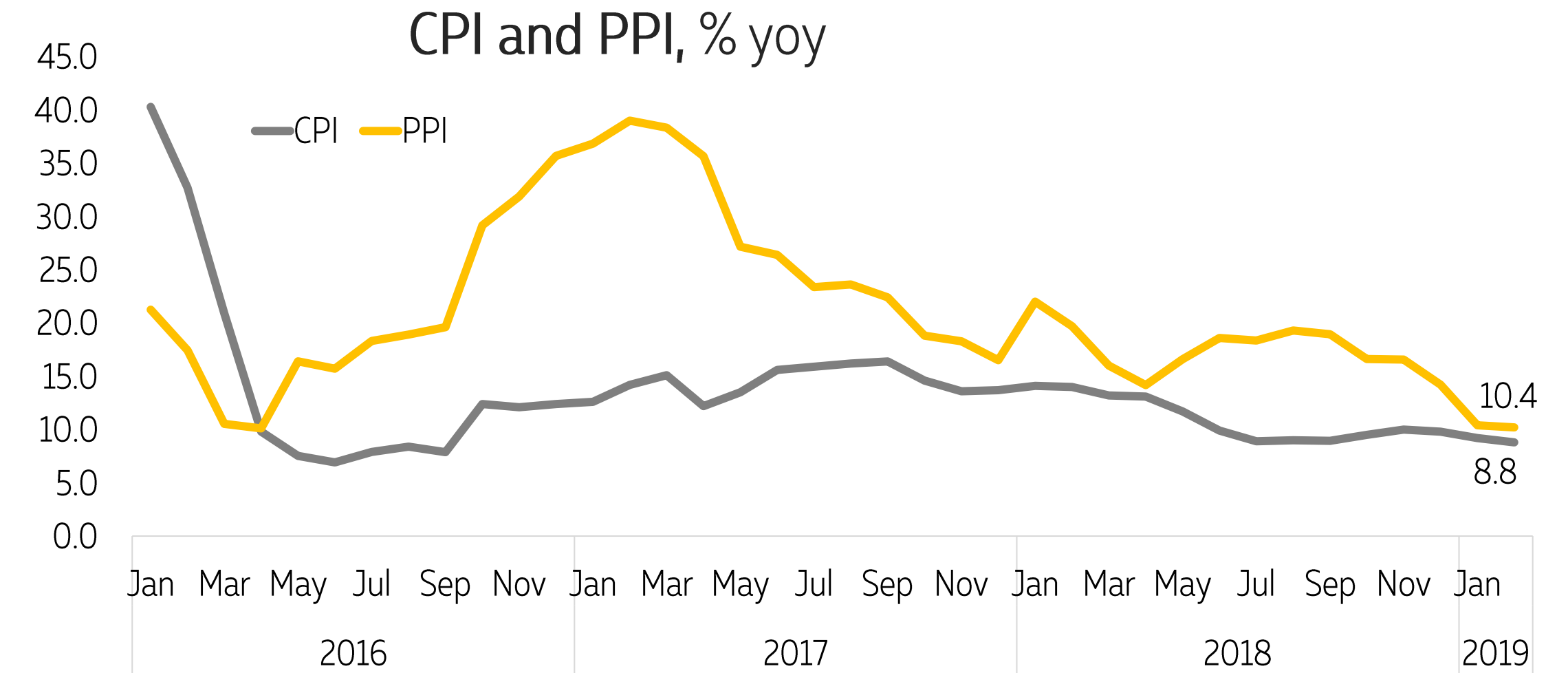
- Increase in current account surplus to USD 446 m in January 2019 as compared to USD 119 m in January 2018 was caused by higher pace of growth of exports than imports.
- The largest contributor to exports growth was exports of agricultural products by 22.9% yoy (these products accounted for 46.6% of total exports in January 2019).
- Increase in imports of machine building products compensated contraction of imports of mineral and chemical products. As a result, imports of goods increased by only 1.2% yoy in January.



CPI AND CORE INFLATION DECELERATED



Source: Ukrstat, NBU



Source: Ukrstat,

Consumer price inflation decelerated backed by fiscal consolidation and tight monetary policy aimed at inflation targeting (even though inflation is slightly above the target). In 2019 CPI slowed down to 8.8% yoy in February 2019 from 14% yoy in February 2018. the NBU defined the target for March 2019 at **5.75% ± 2 p.p.**

Key CPI determinants in January-February 2019 include:

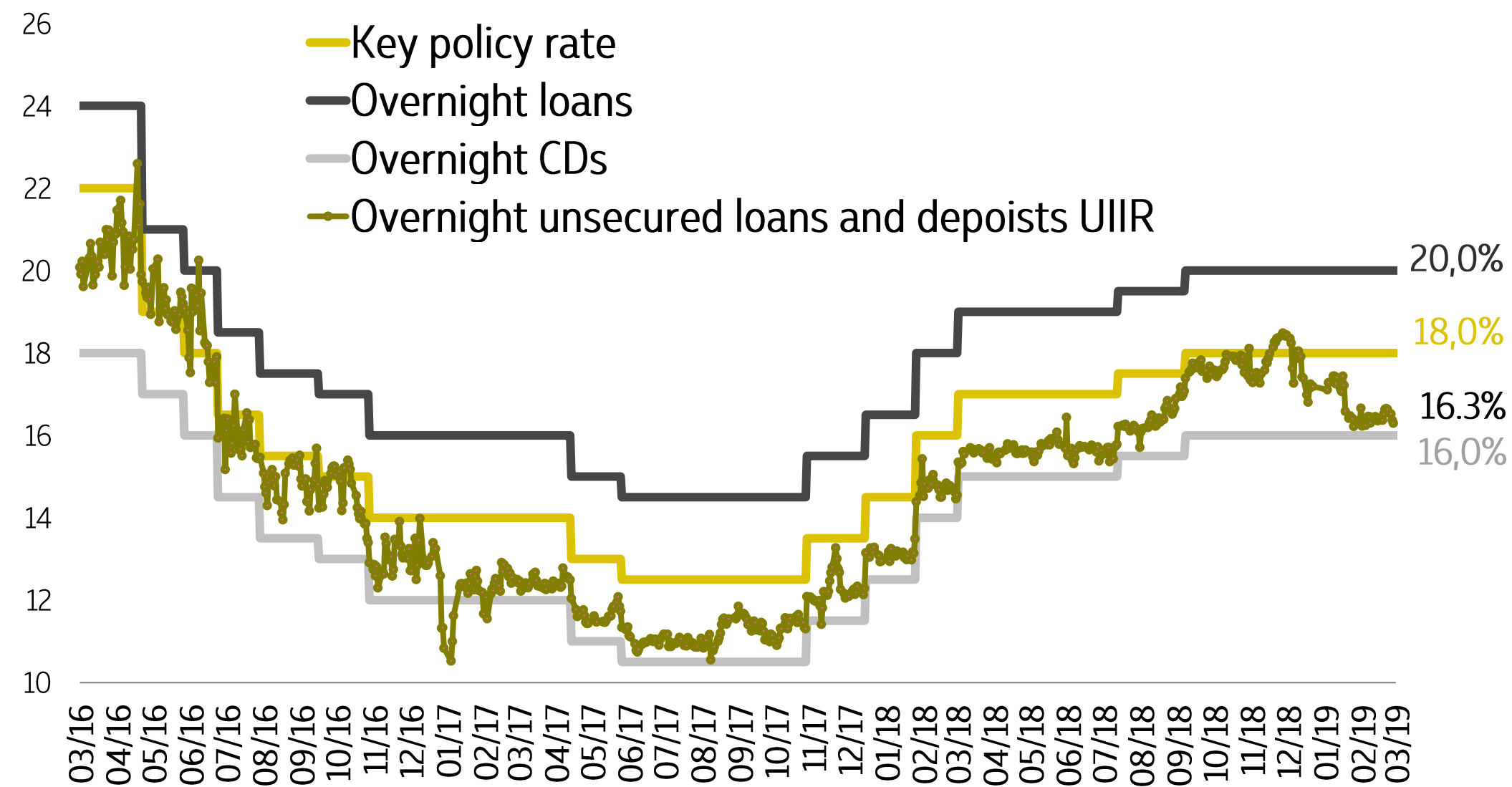
- On supply side, increase in prices for alcoholic beverages and tobacco products, tariffs on utilities.
- Further increase in labour costs impacted prices from supply side (due to higher costs) as well as from demand side.
- PPI grew by 10.2% yoy due to higher tariffs on gas and electricity for enterprises.
- Deceleration of prices of food products to 8.1% yoy (as compared to 17.9% yoy in February 2018) somewhat reduced pressure on prices.

Core inflation slowed down further to 7.8% yoy in February 2019 from 9.7% yoy in February 2018 on the background of increase in discount rate of NBU during 2018 (the last increase was in September from 17.5% to 18%).



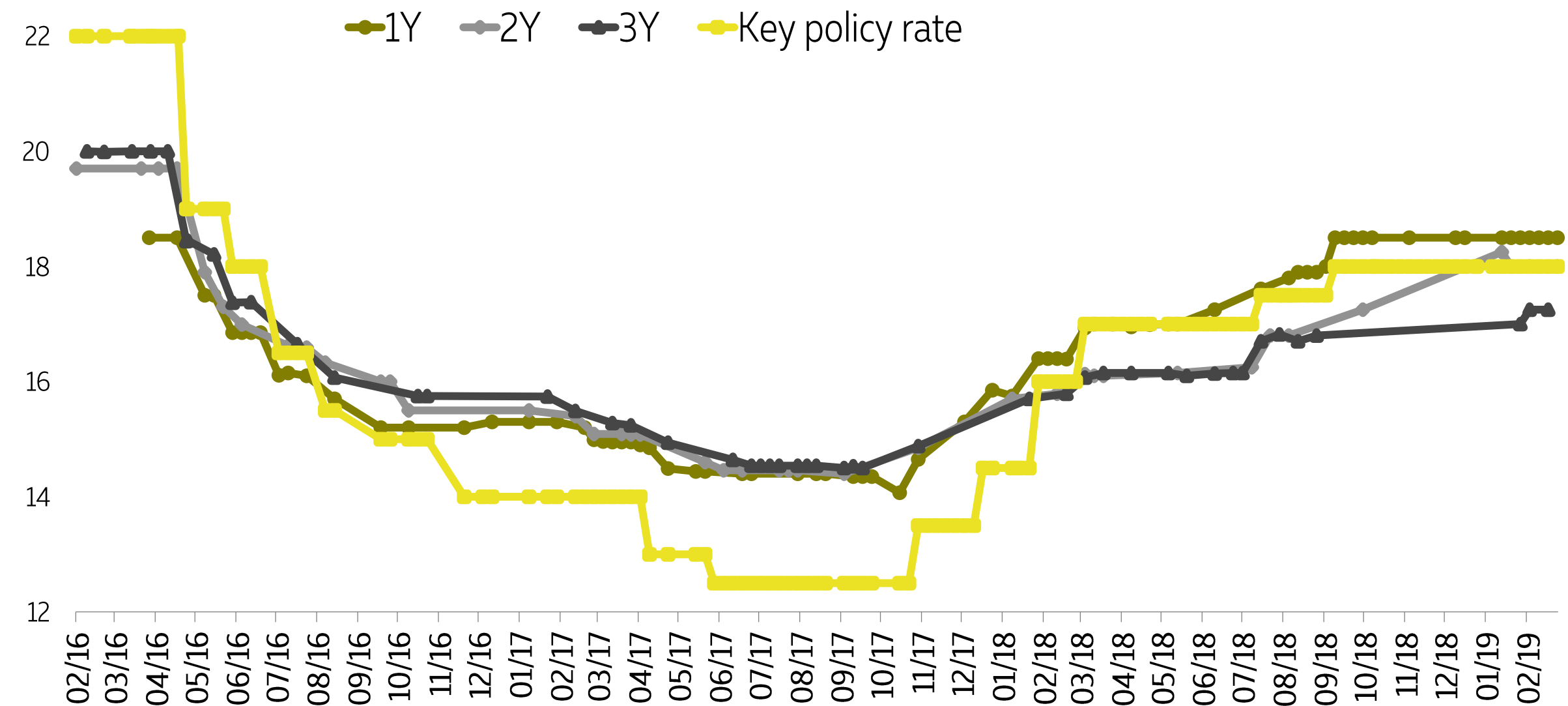
INTERBANK INTEREST RATES ARE IN THE "INTEREST RATE CORRIDOR"

Key interest rates, % yoy



Source: NBU

Yields on Government domestic bonds (in hryvnia), %

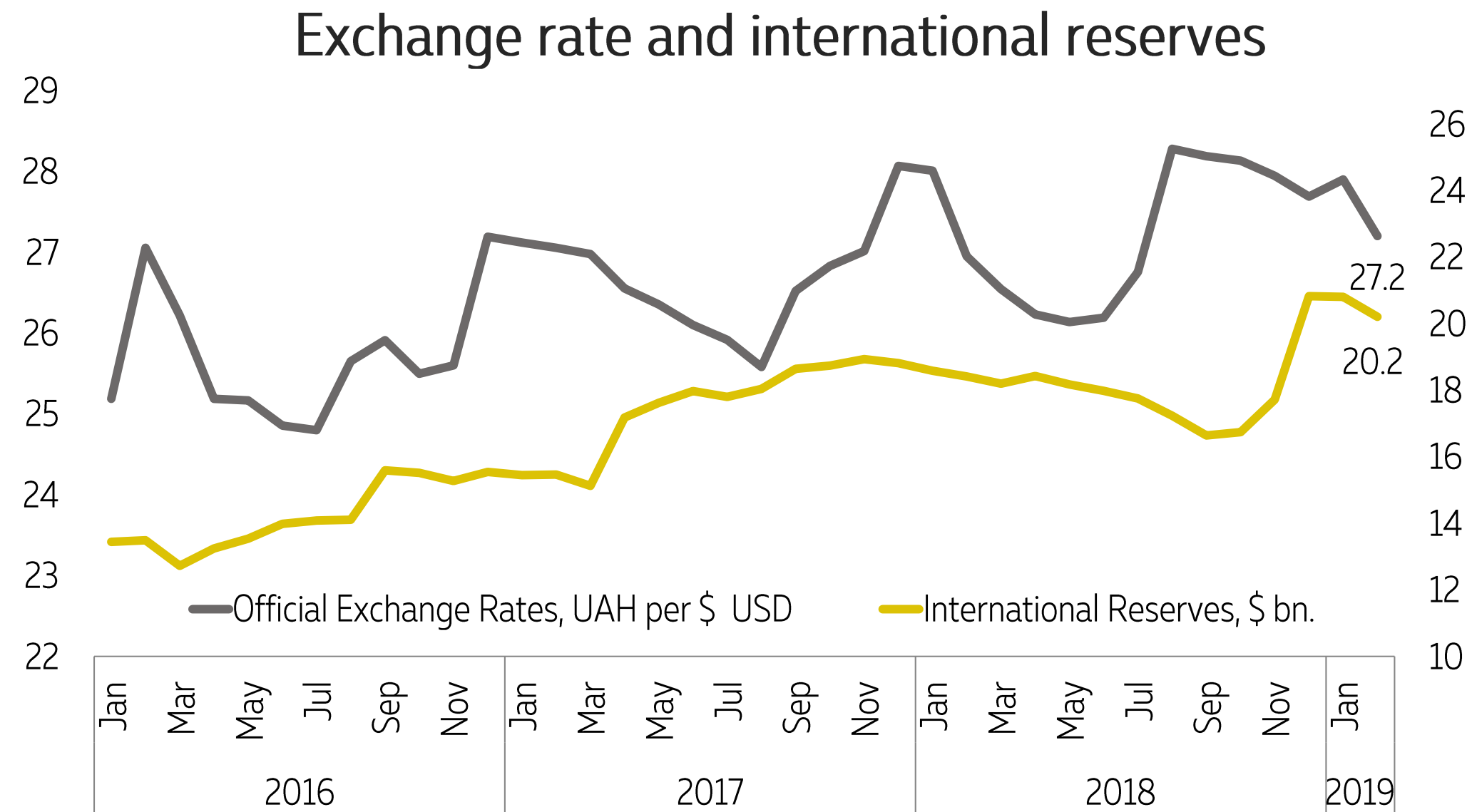


Source: NBU

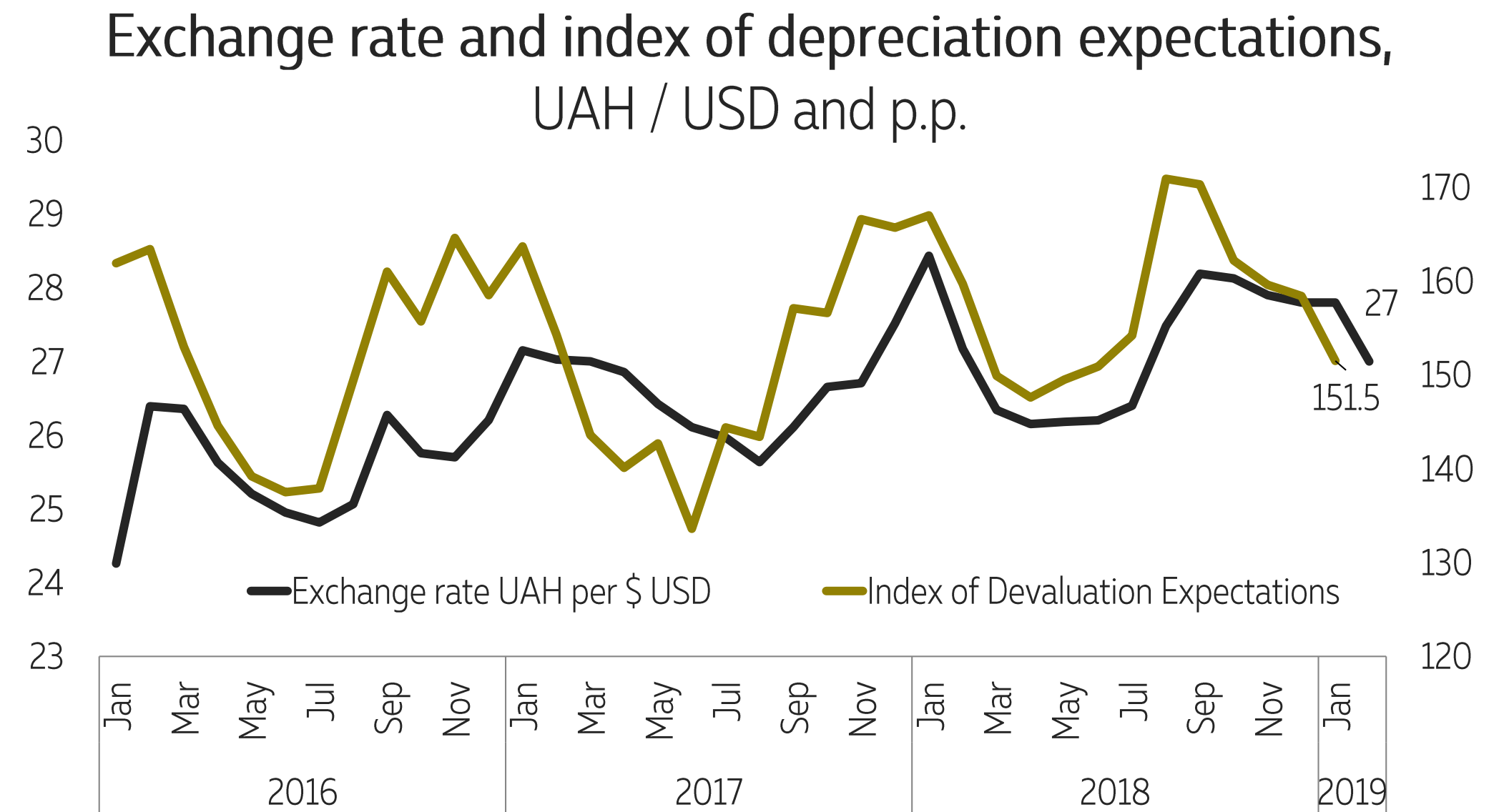
- In January-February yields on state domestic bonds were stable due to unchanged key interest rates of the NBU.
- Market interest rates were in the defined by the NBU "interest rate corridor", which is defined by the discount rate.
- Discount rate remained unchanged since September 2018 at 18%.



EXCHANGE RATE WAS STABLE



Source: NBU



Source: NBU, GFK

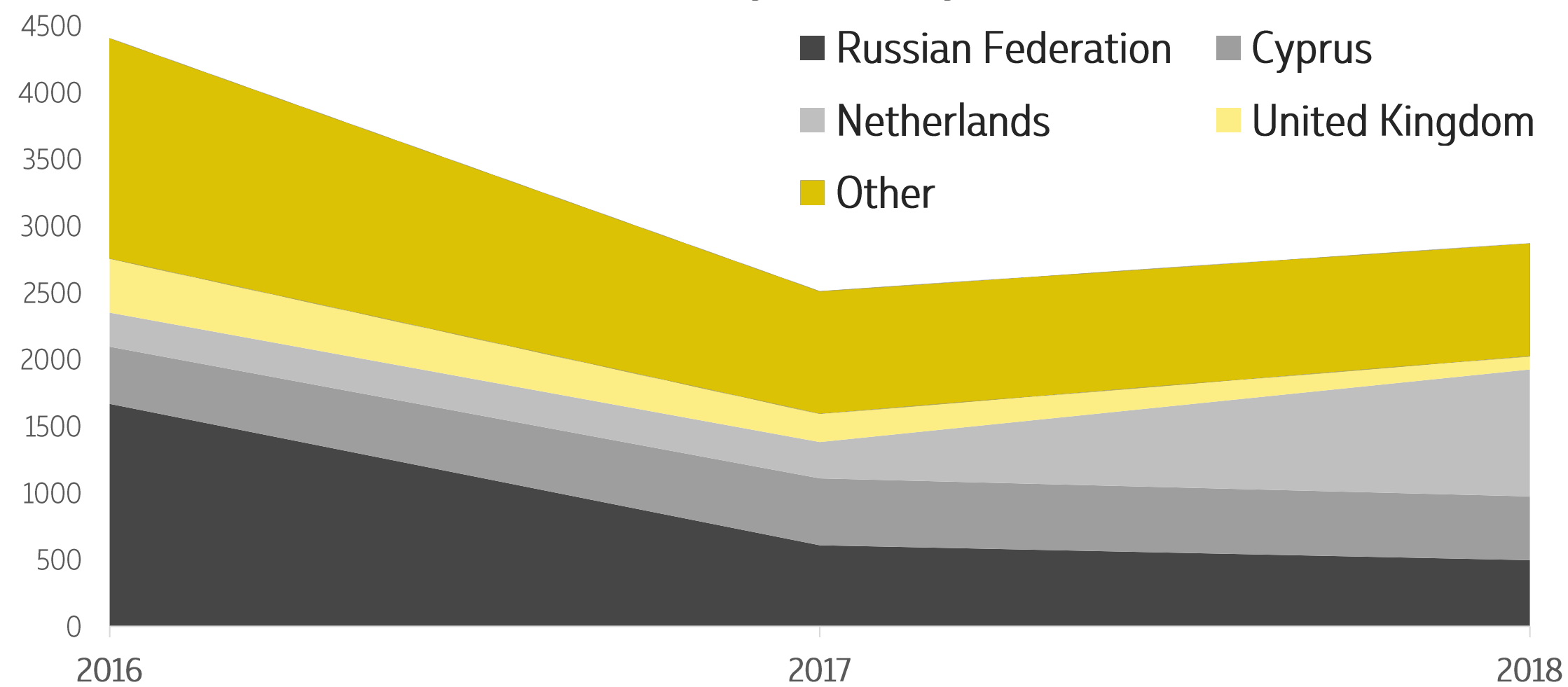
Key determinants of situation on FX market in February:

- **Narrowed trade deficit:** good grain harvest of 2018 (at record 69.8 m t) supported exports, while imports growth rate remained low.;
- Purchase of state domestic bonds by non-residents;
- As of March 6, 2019, non-residents holdings of state domestic bonds almost doubled as compared to the level as of the end 2018 (by UAH 7 bn);
- Economic agents sold foreign currency to finance annual payments of taxes (e.g. EPT) to the state budget.



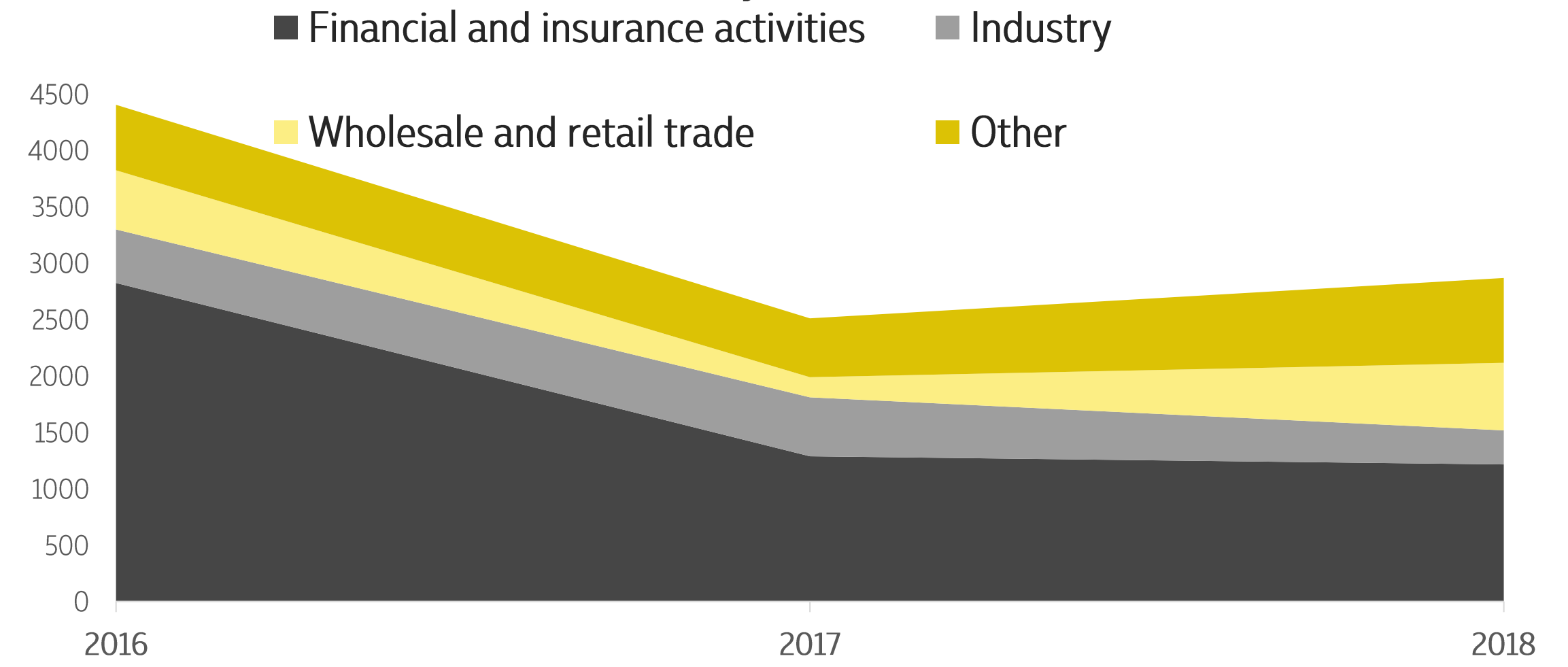
LARGE SHARE OF FDI = RETURN OF UKRAINIAN CAPITAL FROM OFFSHORES AND BANK RECAPITALISATION

FDI inflow by country, USD m



Source: Ukrstat

FDI inflow by sectors, USD m



Source: Ukrstat

- In 2018 gross FDI inflow increased by USD 2.9 bn (as compared to USD 2.5 bn in 2017). 42.3% of investments were directed to financial and insurance sector.;

According to the NBU, in 2018 net FDI equaled to USD 2.5 bn, 60% of which were directed to real sector. Large share of investments to equity was directed to agrarian sector and wholesale and retail trade. FDI to banking sector remained close to the levels of 2017. Net FDI inflow in January is estimated at USD 168 m (in Jan.2018 – USD 132 m), 53% of which was directed to real sector.

- The largest countries-investors were Netherlands (33.2% of total investments) and Russia (17.3%; banks recapitalization).
- During last four years, 207 new factories were opened in Ukraine (including 83 factories in 2018).
- During World Economic Forum in Davos (22-25 January) there were signed the agreements for financing of the largest wind power plant in Ukraine, as well as announced establishment of new Fund for SME support (at USD 200m).



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State Budget , Jan-Feb 2019

- preliminary data -



HIGHLIGHT ON THE BUDGET EXECUTION IN JANUARY-FEBRUARY 2019

- In January-February 2019, central fiscal revenues totaled UAH 124.8 bn or 99.2% of target. Revenues increased by UAH 13.3 bn or 12.0% yoy.
 - In February, central fiscal revenues totaled UAH 70.3 bn, which was by 8.6% above the target. Revenues increased by 24.9% yoy. Central fiscal revenues due to general fund totaled 97.9% of target, revenues due to special fund equaled 197.9% of target.
- Central fiscal revenues in two months of 2019 increased by 22.3% yoy to UAH 138.4 bn.
- The Ministry of Finance and the State Treasury fully and timely financed necessary expenditures according to the plan on the basis of payment orders.
- Central fiscal deficit in January-February equaled to UAH 13.6 bn.
- On March 1, The Government received EUR 512 m on its FX account from the loan under the World Bank PBG.
- In March, the Government implements the pension indexation and makes the payment of the one-time surcharge to pensions of retired people with full working record and pension below minimum level.



KEY FACTORS ON CENTRAL FISCAL REVENUES IN JAN.-FEB. 2019

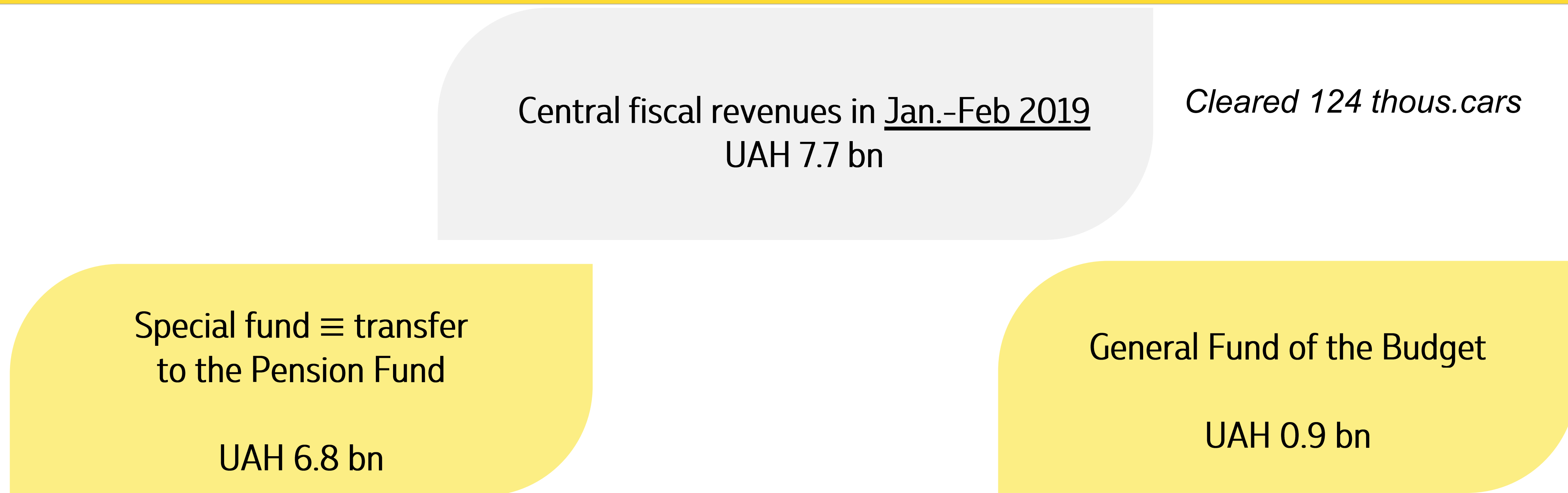
PRELIMINARY DATA

Central fiscal revenues	Actual in Jan. -Feb. 2019, UAH bn	Change, yoy UAH bn
Personal income tax	15,4	+2,8
Corporate profit tax	7,9	+0,4
Excise	18,7	+3,5
Net domestic VAT	9,1	-3,4
VAT on imports	44,8	+1,3
Import duty	5,0	+1,2

- Central fiscal revenues in January-February totaled UAH 124.8 bn. They were executed at 99.2% of target.
- Central fiscal revenues due to general fund were executed at 89.7% of target:
 - VAT refunds equaled UAH 32.8 bn,
 - advanced rent payments at UAH 0.6 bn made in the end of 2018;
 - contraction of tobacco production;
 - actual imports lower than assumed in the budget;
 - the filling of the domestic market by wholesale companies at the account of inventories, the excise from which was paid in previous year.
- Central fiscal revenues due to special fund equaled to 178.6% of the target :
 - revenues from the custom clearance of cars on foreign registration (which entered Ukraine between January 1, 2015 and November 25, 2018) at UAH 7.7 bn;
 - UAH 1.5 bn from special confiscation of assets obtained due to corruption (according to the court decision).



CUSTOM CLEARANCE OF CARS ON FOREIGN REGISTRATION, WHICH ENTERED UKRAINE BETWEEN JANUARY 1, 2015 AND NOVEMBER 25, 2018



Revenues received from custom clearance of cars on foreign registration, which entered Ukraine between January 1, 2015 and November 25, 2018 are distributed as follows:

- Custom payments (VAT, excise, import duty) – to special fund of the State Budget for the financing of pension payments, indexation and surcharge of pension (the transfer to the Pension Fund).
- Money, voluntarily paid by citizens to the state budget for the exemption from administrative liability for violation of customs regimes - to the general fund of the State budget.

The privilege period of custom clearance was effective until February 22, 2019.



HIGHLIGHTS ON EXPENDITURES AND FINANCING

IN JAN.-FEB., 2019

PRELIMINARY DATA

- Central fiscal expenditures grew by 22.3% yoy to UAH 138.4 bn (expenditures of general fund increased by 20.9% yoy to UAH 129.5 bn);
- Central fiscal expenditures of general fund were executed at 91.4% of the target;
- The most essential expenditures (social protection, defence and security and debt servicing) were financed in full according to targets on the basis of submitted payment orders.
- Central fiscal expenditures of general fund:
 - on defence and security increased by 34.6% yoy to UAH 21.8 bn;
 - on debt servicing grew by 3.4% yoy to UAH 12.1 bn;
 - on wages (including payroll) grew by 25% yoy to UAH 28.5 bn;
 - on social protection (pensions, social assistance, stipends) increased by 2.2 times to UAH 30 bn.
- Central fiscal deficit equaled UAH 13.6 bn.
- Deficit was financed at the account of domestic borrowings. Overall, in January-February the Ministry of Finance placed state domestic bonds in equivalent of UAH 60.1 bn (from which state domestic bonds denominated in hryvnia equaled to UAH 34.8 bn, in dollars – USD 886 m, and in euro – EUR 33 m).
- Privatization receipts equaled UAH 154.6 m due to small privatization.
- As of March 1, there were UAH 8.2 bn at the Single treasury account.
- On March 1, The Government received EUR 512 m on its FX account from the loan under the World Bank PBG..



STATE DEBT PAYMENTS

State debt payments in 2019-2020, as of March 1, 2019 (UAH bn)

	2019					2020				
	I Q	II Q	III Q	IV Q	TOTAL 2019*	I Q	II Q	III Q	IV Q	Total 2020
Total debt payments	128,81	153,45	106,37	57,04	445,67	95,65	69,69	101,59	32,39	299,32
<i>State domestic debt</i>	96,29	102,55	47,64	46,66	293,14	61,65	30,95	12,31	22,48	127,39
interest	13,09	28,88	11,54	22,72	76,23	9,96	20,48	7,53	20,06	58,03
Redemption	83,20	73,67	36,10	23,94	216,91	51,69	10,47	4,78	2,42	69,36
<i>State external debt</i>	32,52	50,90	58,73	10,38	152,53	34,00	38,74	89,28	9,91	171,93
interest	19,41	6,12	20,23	5,29	51,05	18,65	5,35	18,67	4,69	47,36
Redemption	13,11	44,78	38,50	5,09	101,48	15,36	33,39	70,60	5,21	124,57

Source: MinFin

High debt payments are scheduled for 2019 and 2020.

Total amount of state debt payment in 2019 is planned at UAH 445.7 bn, from which 34% for domestic external debt.

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.

Fitch Ratings has affirmed Ukraine's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'B-' (as compared to CCC in the end of 2015).



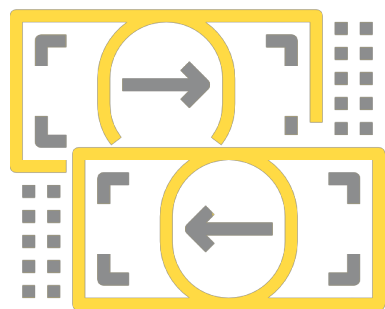
PENSION FUND BUDGET IN JAN.-FEB. 2019

PRELIMINARY DATA



Revenues of the Pension Fund
UAH 64.4 bn (Jan.-Feb., 2019)

Own PFU revenues
UAH 35.4 bn



Transfer from the State Budget
UAH 29 bn

Source: Pension Fund of Ukraine (PFU)

Own revenues of the Pension Fund grew by 23.2% yoy due to higher wages.

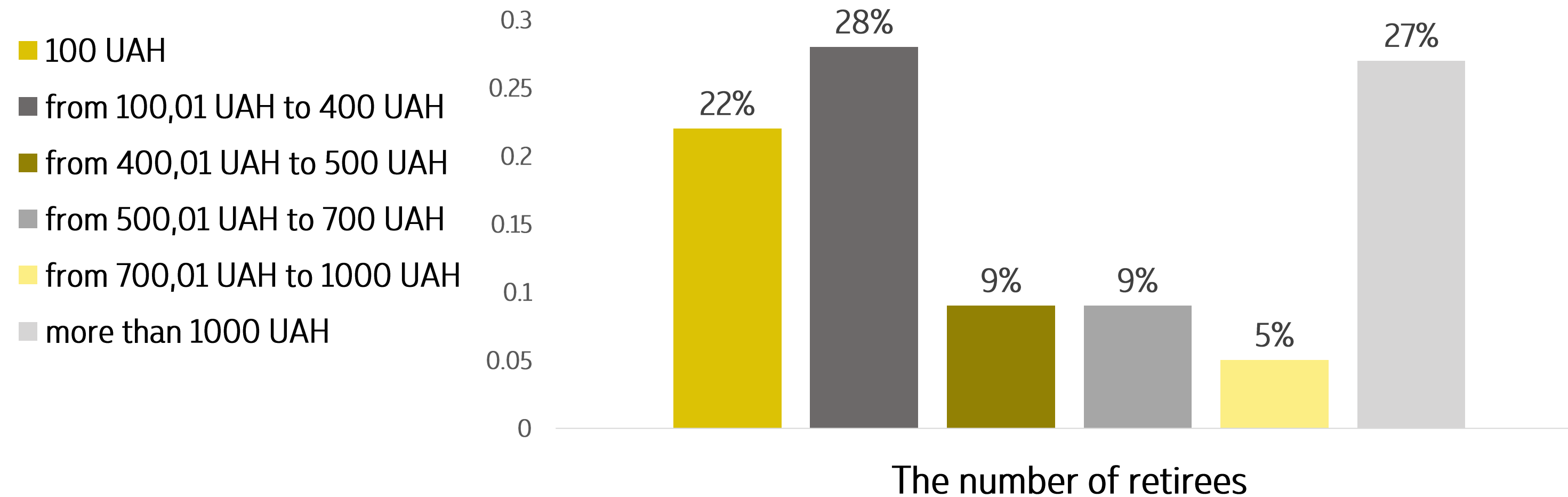
Expenditures of the Pension Fund in January-February reached UAH 62.9 bn, from which UAH 61.8 bn were directed to pension payments.

The PFU received UAH 15.5 bn of short-term loans from the State Treasury (to cover short-term liquidity gaps) but repaid UAH 17.0 bn.

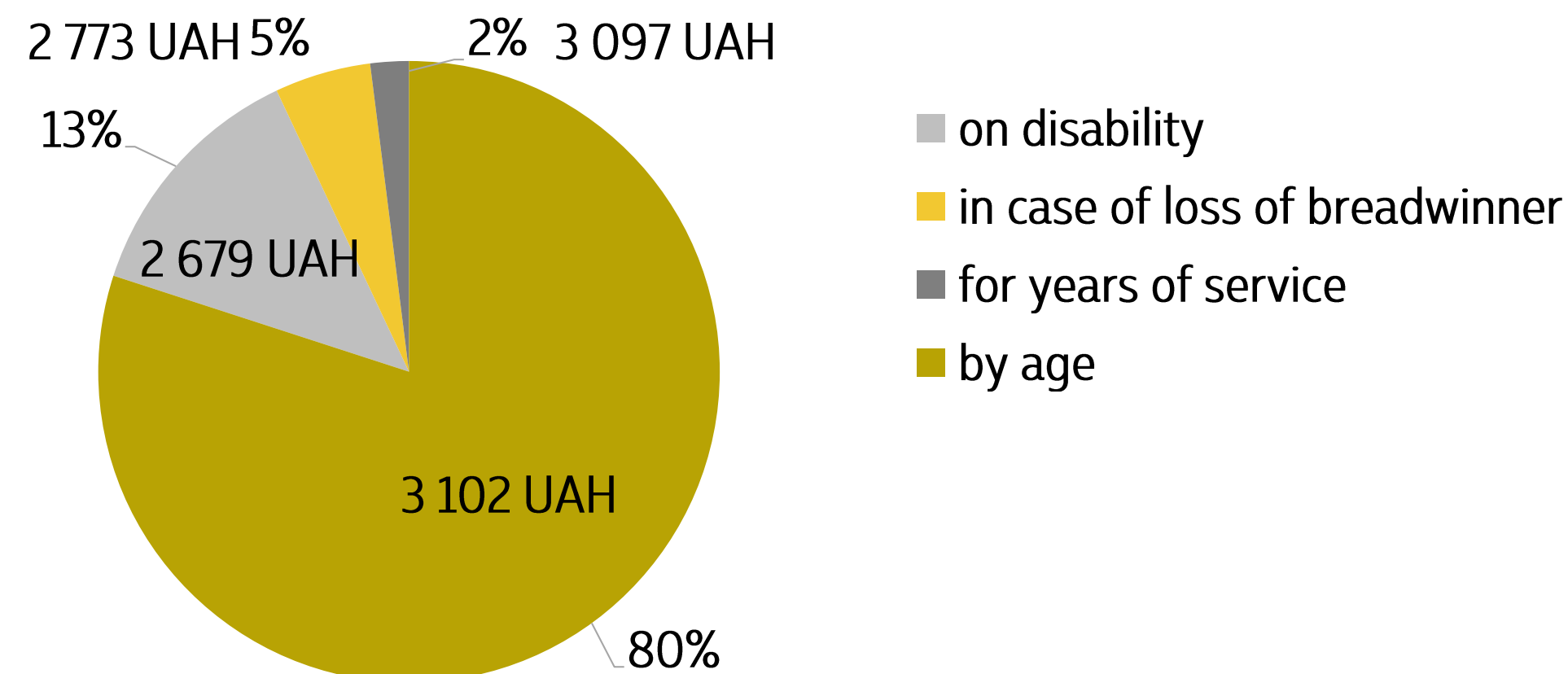



INCREASE IN PENSIONS IN MARCH 2019


Number of pensioners by size of pension increase



The average pension from March 1, 2019 by the type of pension




 2 542 UAH -
 average pension
 as of January 1


 3 033 UAH -
 average pension
 as of March 1

- Pensions were indexed since March 1, 2019, what resulted in increase in average pension. 27% of pensioners received increase in pensions above UAH 1000.
- One-time surcharge to pensions at UAH 2410 was introduced to pensioners with working record and pensions (as of Jan.1, 2019) below UAH 1669.2. It became possible due to custom clearance of cars on foreign registration.
- On March 1, 2019, the Pension Fund of Ukraine started financing of pensions and housing subsidies in accordance with the approved schedule.



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Forecast and risks



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 mln	-13131	-14496	-15632	-16953
Exports of goods and services, USD mln	63265	68119	72766	77850
% yoy	107,2	107,7	106,8	107,0
Imports of goods and services, USD mln	76396	82615	88398	94803
% 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.



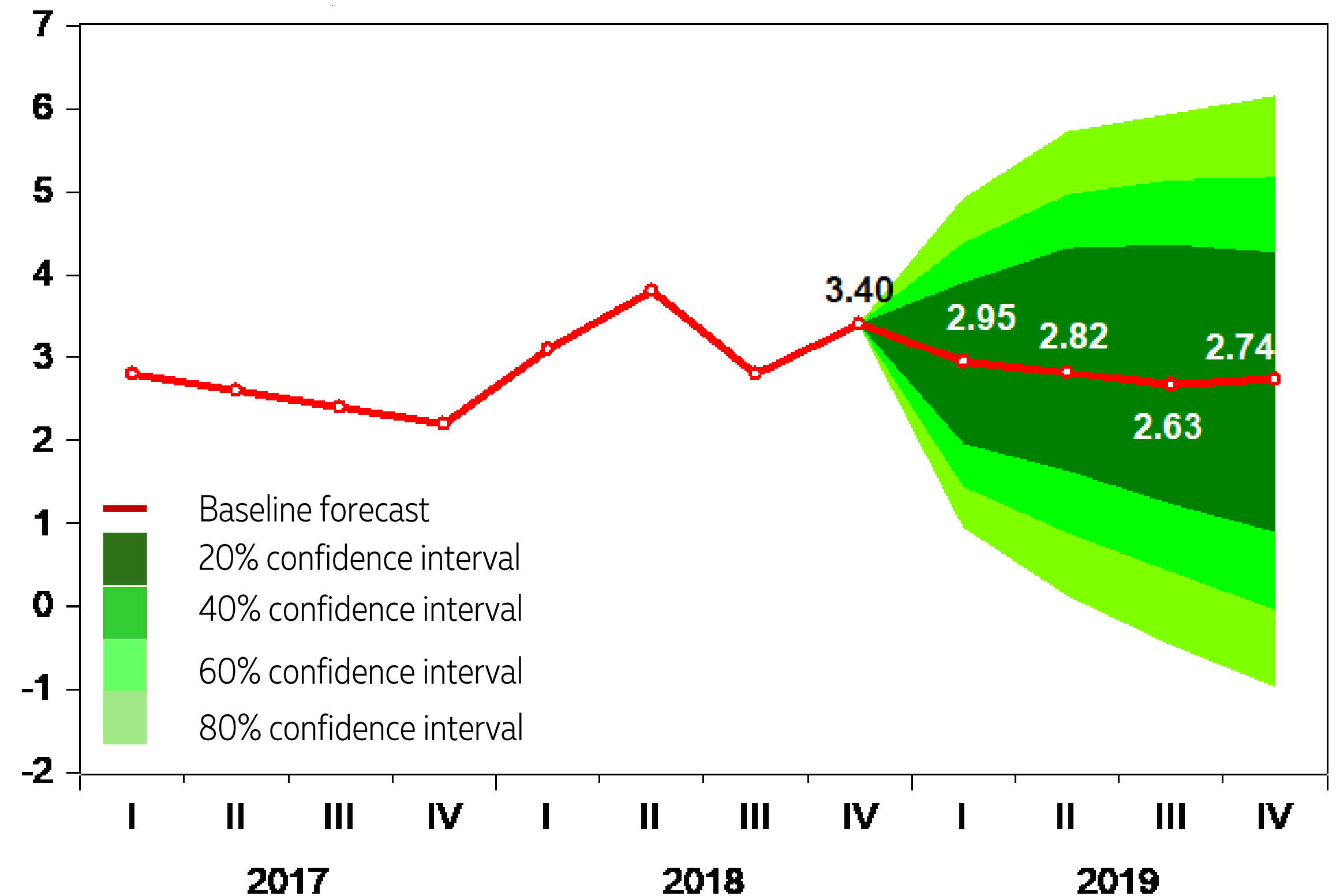
KEY RISKS FOR THE FORECAST

Key risks for the forecast:

- Restricted access of the EM countries to international capital markets;
- Worsened external trade conditions;
- Lower dividends of SOE;
- Lower privatization receipts
- Higher FX volatility;
- Termination of cooperation with IMF and other IFIs.

In 2019, there is a bigger probability of downward risks.

Baseline scenario of real GDP growth in 2019



Source: estimate of the Ministry of Finance



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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											

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	



KEY MACROECONOMIC INDICATORS FOR 2010-2018

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											

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	



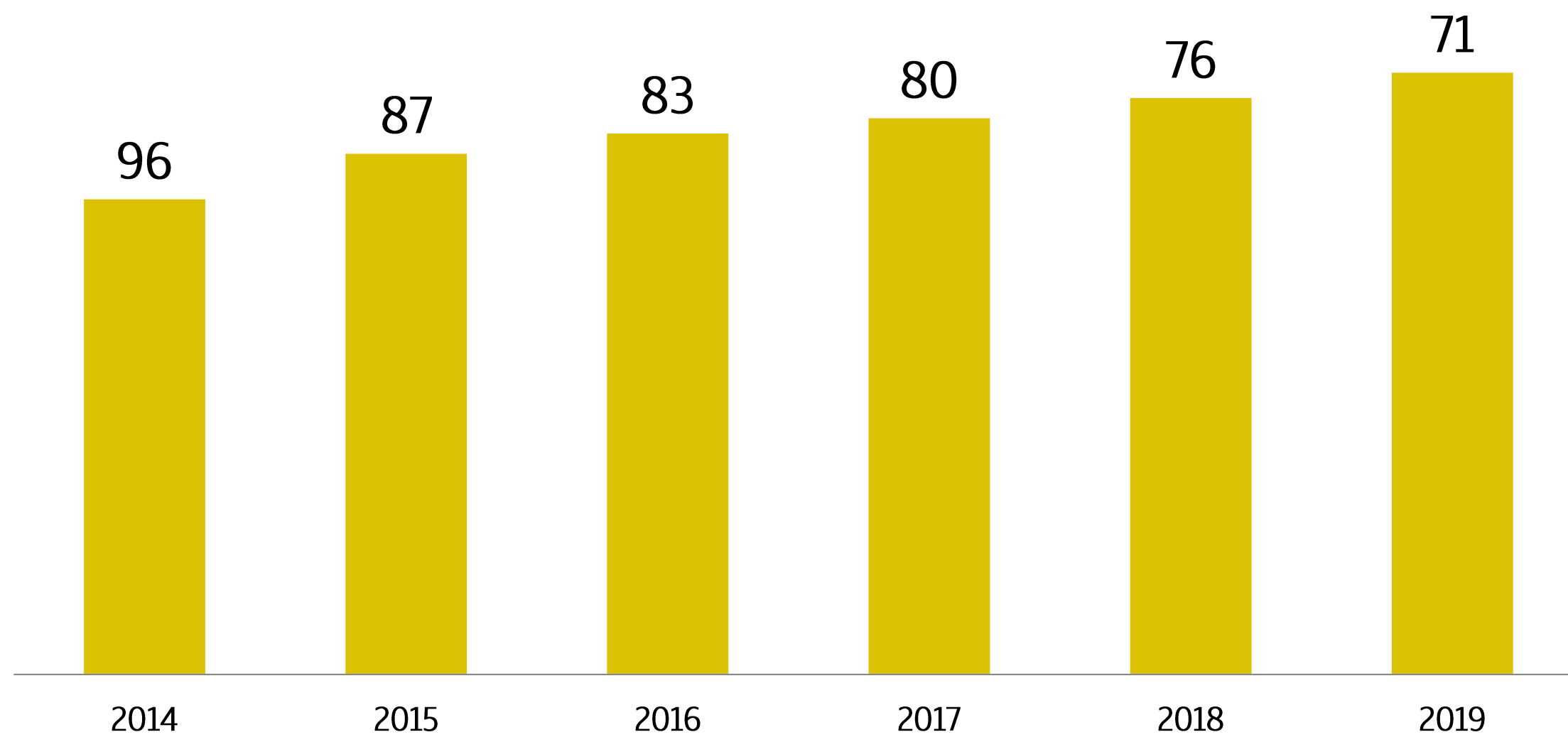
KEY CONSOLIDATED BUDGET INDICATORS IN 2015-2018 UAH m

		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



DOING BUSINESS UKRAINE

Doing Business Ukraine

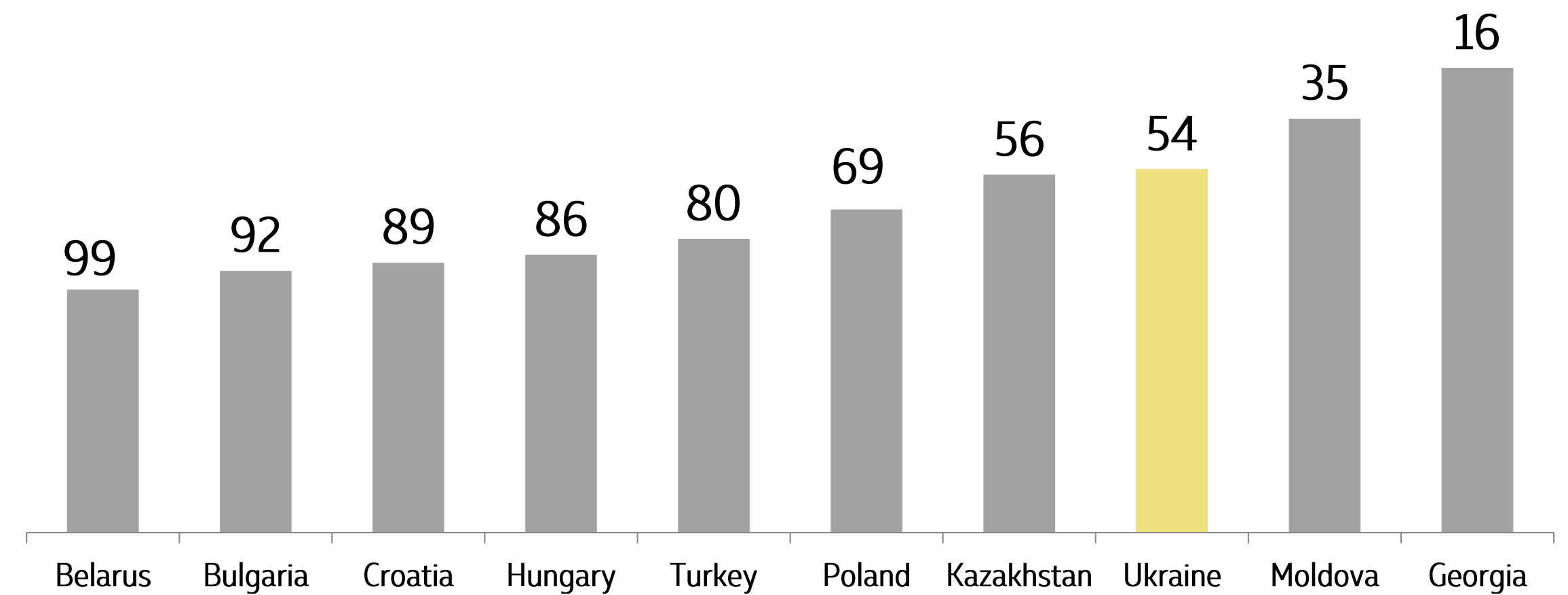


Source: World Bank

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.

Subindex «taxation» in DB2019

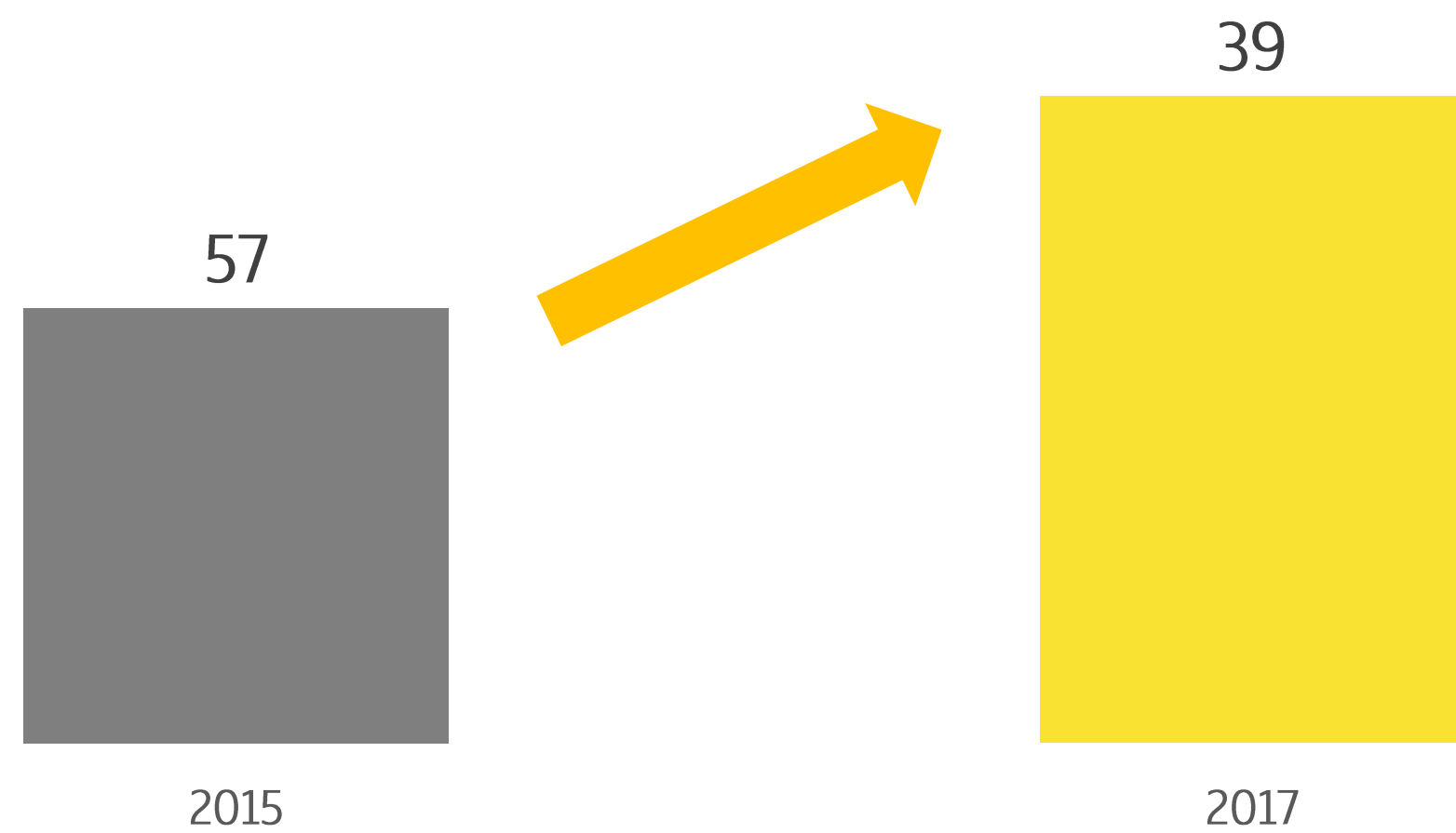


Source: World Bank



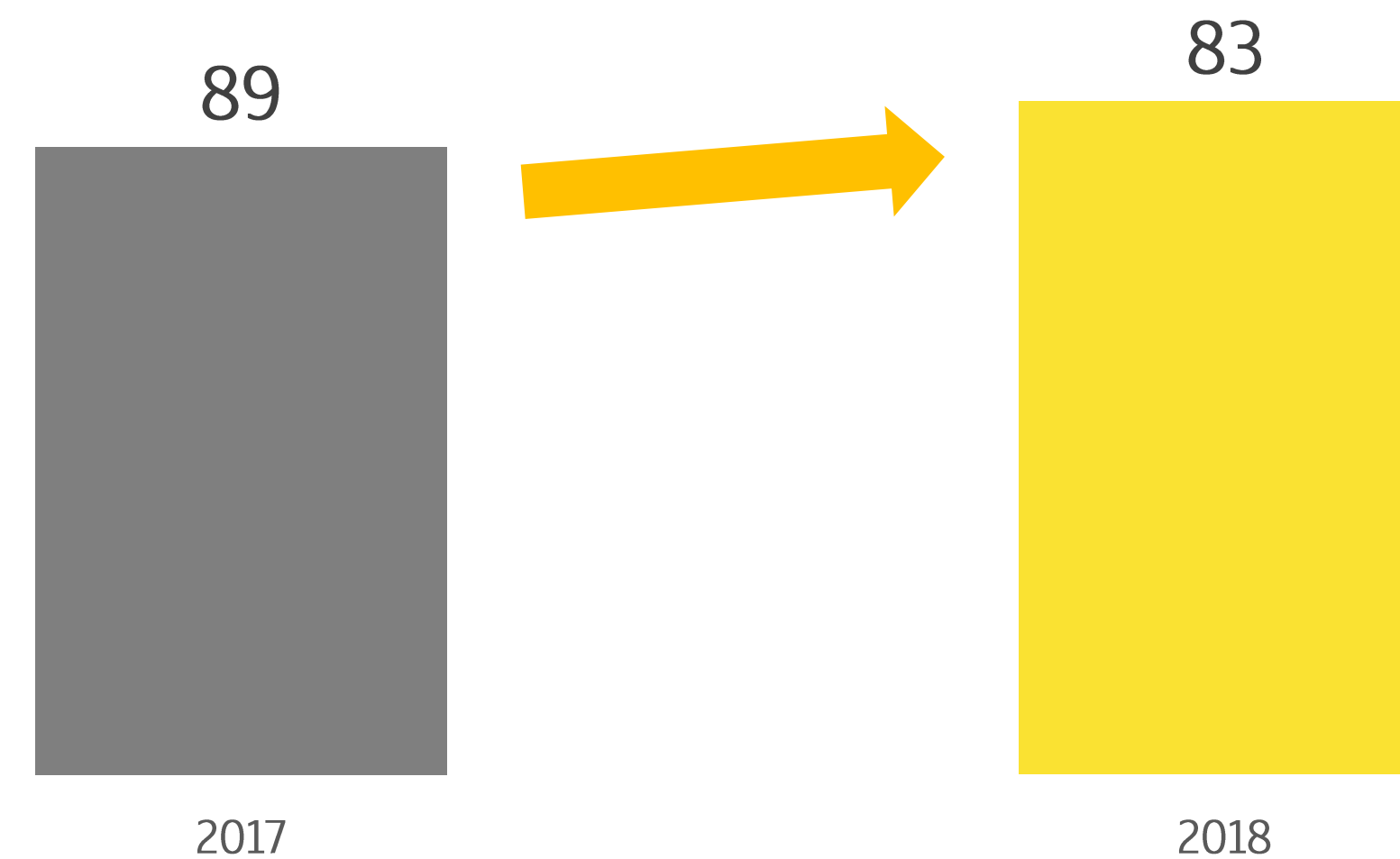
UKRAINE'S RATINGS IMPROVED

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 18 positions to 39th place.



CONTINUOUS AND SIGNIFICANT SUPPORT FROM OUR 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 iattracted 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%1 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

