



UKRAINE
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Nordic Environment Finance Corporation invests EUR 226 mln in Ukraine in 10 years

Nordic Environment Finance Corporation (NEFCO) since 2010 has implemented 243 municipal and private energy efficiency projects in Ukraine, and the total investment has reached EUR 226 million. According to NEFCO Managing Director Trond Moe, in particular, 179 projects worth EUR 119 million were implemented in the municipal sector and 58 projects worth EUR 89 million in the private sector. In addition, six more projects were implemented with financial institutions for a total of EUR 18 million. Moe said at a meeting with reporters in Kyiv that the largest NEFCO office after its head office in Helsinki is located in the Ukrainian capital.

Ukraine is now the most important country for NEFCO. But in general, the corporation worked on projects in 80 countries, completing more than 1,300 projects. Last year, NEFCO implemented 124 new projects, most of them in Ukraine, he said.

All these projects, according to Moe, contribute to Ukraine achieving an increase in the share of renewable energy of integrated consumption, while reducing CO2 emissions.

By providing financing and sharing risks, NEFCO makes it possible for Northern European companies to invest in Ukraine and at the same time support Ukraine in the transition to clean and sustainable energy, the NEFCO managing director said.

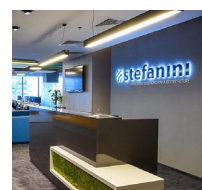
HEADLINES



UKRAINIAN PRESIDENT SIGNS BILL STIMULATING INVESTMENT ACTIVITIES



KYIV INTERNATIONAL ECONOMIC FORUM TO TAKE PLACE IN KYIV ON 8-9 NOVEMBER



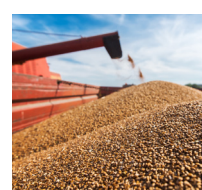
BRAZILIAN IT COMPANY PLANS TO OPEN OFFICE IN UKRAINE



CANADIAN COMPANY INTENDS TO ACQUIRE SHARES IN UKRAINIAN INSURER



SWISSOTEL HOTEL BRAND TO ENTER UKRAINIAN MARKET



GRAIN HARVEST IN UKRAINE COULD HIT RECORD OF 80 MLN TONNES

EU assistance to Ukraine is about EUR 18 bln



Since 2015, Ukraine has received from the European Union, as well as from EU member states, about EUR 18 billion of assistance, which is many times higher than the amount of financial assistance provided to Kyiv by the United States in the form of loan guarantees in the amount of \$1 billion, Special Adviser to the President of the European Commission on relations with Ukraine, former European Parliament deputy from Germany Elmar Brok said.

"The United States has given 1 billion on loan... The European Union has given 11 billion on loan in runs, another 3 billion has been given via international financial institutions [EUR], and alone Germany has given 1.4 billion [EUR]. So, let's say altogether the European Union member states have given at least EUR 18 billion in the last five years. That is the real figures," Brok said in an interview with Interfax-Ukraine, commenting on accusations against the EU and, in particular, Germany and France that they are not providing enough assistance to Ukraine which was voiced during a telephone conversation between the presidents of Ukraine and the United States, Volodymyr Zelensky and Donald Trump.

At the same time, the European politician emphasized that a substantial part of the EUR 18 billion provided to Ukraine by the European Union and its members are grants, while Washington does not provide anything to Kyiv for free.

Ukrainian President signs bill stimulating investment activities

Ukrainian President Volodymyr Zelensky has signed law No. 132-IX amending some Ukrainian laws stimulating investment activities in Ukraine approved by the Verkhovna Rada on September 20, according to a posting on the official website of the head of state. "The law aims to improve the investment climate in our country in certain areas, selected as a result of a comprehensive assessment of compliance of Ukrainian legislation with the best world practices described by the World Bank Group in the Doing Business rating methodology. The document amends a number of legislative acts that contain outdated and ineffective regulation. In particular, it is aimed at filling legal gaps, as well as introducing innovative legal instruments into the legal system of Ukraine."

The main provisions of the law outline, among other things, liability of persons with an interest and officials of a joint-stock company for losses caused by an interested-party transaction concluded on non-market terms, the consent to which was granted by the majority shareholder or persons appointed by him; expanding the list of transactions that are considered related-party transactions.

Kyiv International Economic Forum to take place in Kyiv on 8-9 November

On November 8 and 9, the capital of Ukraine will host the Kyiv International Economic Forum (KIEF) that for the sixth consecutive year brings together well-known world economists, recognized businessmen, representatives of the Ukrainian government and highly respected economic experts. The main discussion issue of the Forum 2019 is the future in a changing world. From business cases to visionary ideas – KIEF's speakers will talk about rapid changes in the technology-driven economy. Entrepreneurs, top managers, analysts and strategists of companies, as well as heads of international organizations will answer the main question: what the fourth industrial revolution is and how to get prepared for it.

Why visit the KIEF 2019?

The KIEF is the main platform for business people, economists, scientists and investors to discuss global trends, shape the 2020 development vector, establish new business contacts and strengthen partnerships.

This year at the Forum, speakers will unveil the concepts of doing business in the face of climate change as well as the mechanisms for effectively managing natural disasters under their direct influence on the economy. You will learn how to prepare your business for the effects of climate change.



Vasyl Khmelnytsky, the initiator of the Forum, commented on the idea of creating and holding the Forum: "We live in the days of global and very rapid changes. They inspire and cause concern at the same time. Ukraine faces a choice: to stick to a fragile stability or to move fearlessly towards innovations. It is today when we can make a quantum leap in development – and for this, we require knowledge, cooperation and decisive actions. It is time to move forward, transform business and economy according to the requirements of today. After all, the KIEF is organized to make us feel the trends of the future and become the ones who bring them to life."

Speakers from global financial institutions, who have the latest information about the world's economy, will report about the risks and consequences of the global crisis. You will be able to get ready for the next stage of development of the financial system.

The below speakers will share their vision of the future for the financial world system:

Robert Koopman, the Chief Economist of the World Trade Organization;

Giovanni Salvetti, the Managing Director of the Rothschild International Banking Group, CEE Coordinator;

Vazil Hudák, the Vice President of the European Investment Bank;

Johan Eliasch, a Swedish billionaire businessman, the Chairman and CEO of Head.

A permanent strategic partner of the Forum is the holding company UFuture, which incorporates companies and social projects of Vasyl Khmelnytskyi.

The Kyiv International Economic Forum is an ongoing platform for forming the strategy of Ukraine's economic development. Each year, the Forum brings together around 2,000 guests and speakers from more than 30 countries to shape integrated strategies of business modernization with a focus on adaptability and innovation. More information about the Forum's speakers and panel discussions is available at: <https://forumkyiv.org/uk/>

Ukrainian business activity outlook index growing third month in row

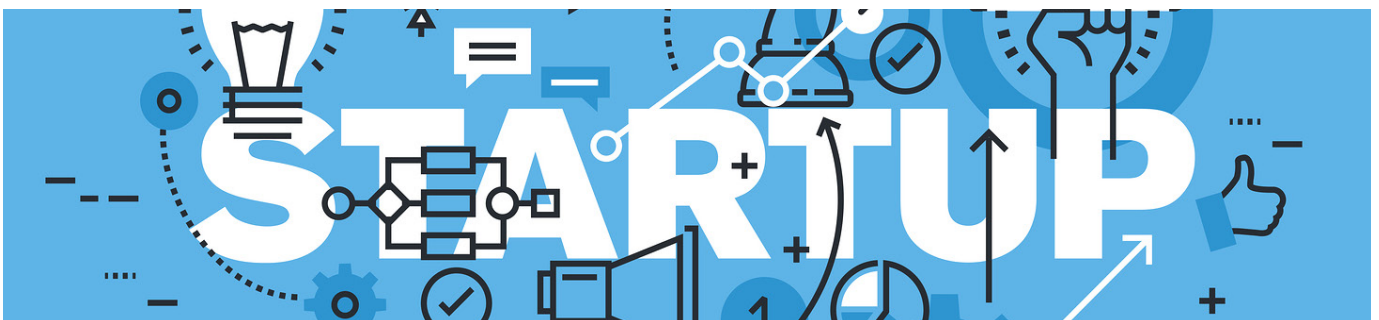
The Business Activity Outlook Index (BAOI) with a BAOI reading above the neutral level of 50 implying a positive business outlook and below the neutral level implying a negative business outlook compared with the previous month grew by 2.1 points in September, to 56.6, the National Bank of Ukraine (NBU) said.



"In September, all sectors approved the results of economic activity. Enterprises also expected growth in new orders, cost of contractor services and purchase prices. Companies that provide services were optimistic," the NBU said.

According to the results of the survey in September, the companies that provide services and industrial enterprises are the most optimistic, for which the index was 57.3 and 58.1 respectively. According to the report, the largest increase in BAOI was seen in the construction sector – by 7.6 points (to 56.2), thanks to a significant increase in the optimistic expectations of enterprises regarding product prices, the emergence of expectations about the volume of purchases of raw materials and optimistic attitude about the increase in the number of employees in the field.

Ukrainian Startup Fund starts to accept applications for grants in a month



The Ukrainian Startup Fund will start accepting applications from startups in November 2019, and plans to hold a pitch event in December, member of the fund's supervisory board Lesia Sevruk has told Interfax-Ukraine. "At present, a portal is being developed through which applications will be submitted. Accordingly, they are not yet available. Submitting applications through the portal is fundamental for us to minimize the subjective influence of the fund's employees on the selection process. We plan to receive applications in November, and an event in December," she said.

According to her, the fund's supervisory board has approved the procedure for issuing grants and regulations on the commission and expert council.

"In the near future we will form a commission and an expert council," Sevruk added.

As reported, the Ukrainian Startup Fund with a budget of UAH 400 million was launched in July 2019. The fund plans to give grants to startups at an early stage in the amount of \$25,000 to \$75,000. The fund announced the first five transactions by the end of 2019.

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Startup from Ukraine raises \$90 mln of investment

IT company with Ukrainian roots Grammarly has raised a \$90 million investment led by General Catalyst, which also led its investment round in 2017 with \$110 million, with participation from other existing investors including IVP, and new investors, the company has said in a press release. Since the first round of investments in May 2017, Grammarly has more than tripled the number of users and has added a number of updates to its product, "helps more than 20 million people every day."



The company also opened its fourth office in Vancouver, British Columbia (Canada) and doubled the number of team members in offices of Kyiv, New York and San Francisco.

It plans in the near future to expand the current office space in Kyiv by additional 1,300 square meters where 130 people can work.

Grammarly was founded by Kyiv residents in 2009: Max Lytvyn, Alex Shevchenko and Dmytro Lider. The offices of the company are located in Kyiv, San Francisco, New York and Vancouver.

Brazilian IT company plans to open office in Ukraine



A large Brazilian IT company, Stefanini, with the value of assets of \$1 billion, has announced expansion of its operations in Europe and opening of its office in Ukraine, the company has said in a press release. "Our international presence places us in a privileged position to offer and deliver new services in all corners of the world. We want to expand our operations in Europe, and Ukraine will be our next stop," Stefanini's global CEO Marco Stefanini said.

According to Stefanini, one of the factors that influenced the decision by Ukraine, in addition to the thriving IT market, is that 78% of workers in the sector have intermediate or high English proficiency.



"As a global company, it is essential to work with multilingual professionals. Our expectation by the end of the year is to have a staff of 50 in the Kyiv office that is most focused on support and application development," Stefanini said.

According to the press release, recent reports show that Ukraine has more than 1,000 IT companies and employs about 100,000 workers. With rapid growth in this segment, the expectation according to research studies is that the number of technology workers will double by 2020.

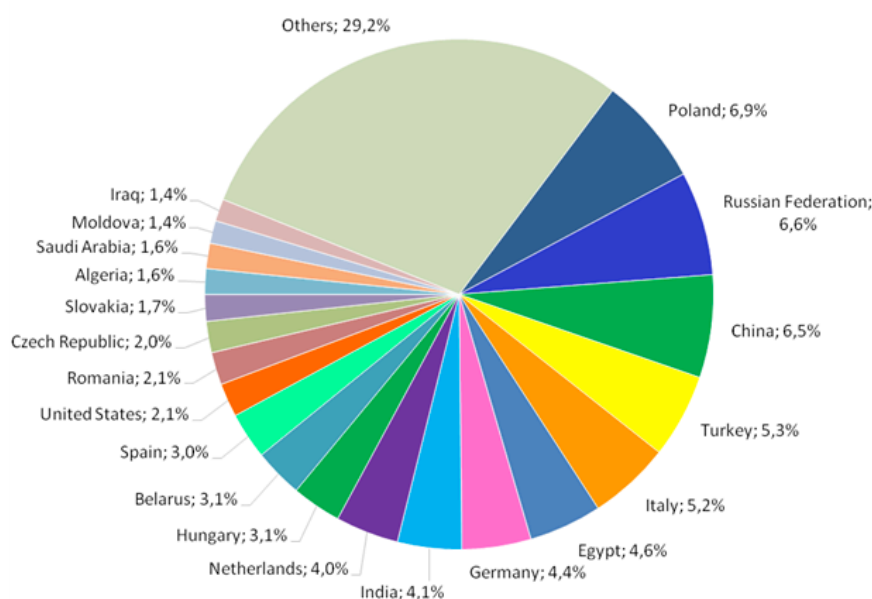
Stefanini was founded in 1987. The company currently has more than 74 offices in 40 countries in America, Europe, Africa, Australia and Asia.

Two industrial parks registered in Ukraine

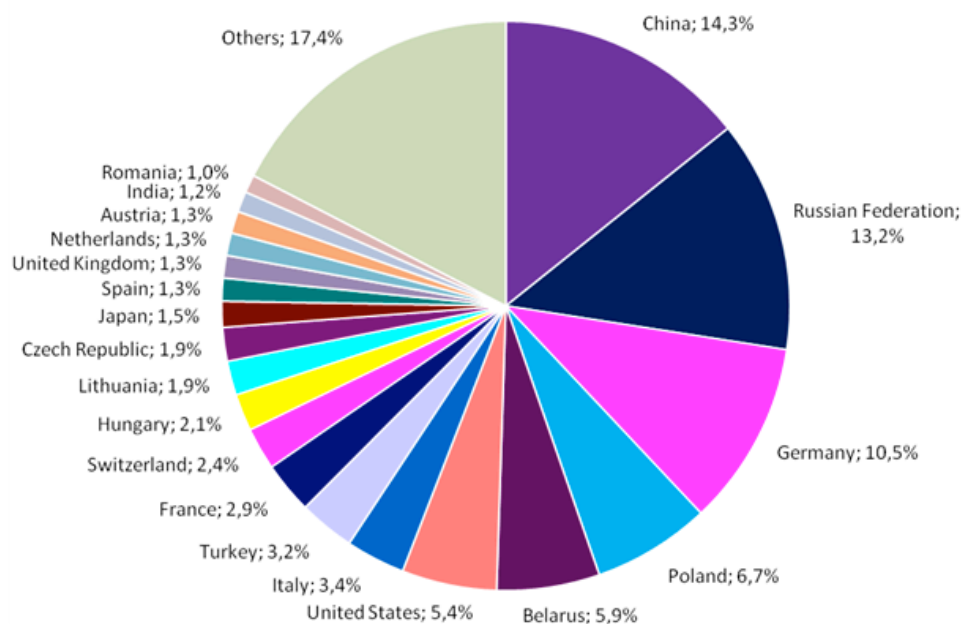
The Ministry of Economic Development, Trade and Agriculture has included the Winter Sport (Vinnytsia) and Chortkiv-West (Chortkiv, Ternopol region) industrial parks in the register of industrial parks. Winter Sport was established on a land plot of 25 hectares, its operational life is 50 years. The priority activities in the park will be production of sports equipment for winter sports, equipment for scuba diving, as well as other components, placement of warehouse and administrative premises, as well as information technology enterprises.

According to preliminary calculations, up to 1,450 new jobs can be created in the park.

Main trade partners of Ukraine in % from total volume (export from Ukraine to other countries) in Jan-July 2019



Main trade partners of Ukraine in % from total volume (import from other countries to Ukraine) in Jan-July 2019



Canadian company intends to acquire shares in Ukrainian insurer



Canada's FFHL Group has announced its intent to acquire 29.08% of shares in PrJSC Universalna Insurance Company (Kyiv). According to the National Commission for Securities and the Stock Market, earlier FFHL Group and affiliated persons did not hold shares of Universalna.

Earlier, the Antimonopoly Committee of Ukraine permitted Fairfax Financial Holdings Limited to purchase (through a subsidiary of FFHL Group Ltd.) shares of PrJSC Universalna Insurance Company, which will grant over 25% of the votes in the governing body of the insurance company.

Companies from Turkey, Belgium, Netherlands, Singapore, Great Britain, US, Qatar, Germany show interest in concession of Ukrainian ports

Over 46 companies from 11 countries participated in the investment conference seeking for the projects related to transferring of Olvia stevedoring company and Kherson maritime merchandise port into concession, Ukrainian Sea Port Authority (USPA) reported.

According to the USPA, apart from the participants of Ukraine, the companies from Turkey, Belgium, the Netherlands, Singapore, Great Britain, Denmark, United States, Qatar, Georgia and Germany attended the conference.

Infrastructure Minister Vladyslav Krykliy and Chairman of Verkhovna Rada Committee on Transport and Infrastructure Yuriy Kysil have assured potential investors that all branches of power back implementation of the concession projects in the ports.



"Potential investors can expect that on a par with how they implement their projects in the port industry, the state will develop automobile and transport infrastructure. This will improve logistics throughout the country and load new capacities in the ports," the ministry said.

According to USPA CEO Raivis Veckagans, tenders for pilot state stevedoring concession projects in Olvia stevedore and Kherson port open up new opportunities for the Ukrainian port industry to attract private investment in the development of port infrastructure, which have long been actively used in EU countries.

Required capital investment of both as estimated by international consultants amounts up to \$65 million. These funds to be meant for modernization of existing port infrastructure, restoration of movable property in Kherson port, in Olvia the funds will be meant for reconstruction, modernization of existing facilities and construction of new port terminals.

Swissotel hotel brand to enter Ukrainian market



The international hotel operator Accor (France) has signed a management contract for the Swissotel Living hotel at 13 Luteranska Street in Pechersky district of Kyiv, the opening of which is scheduled for 2021-2022.



“This will be an aparthotel designed for long and medium-term accommodation (extended stay). The owner of the hotel and Accor believe that this format has good prospects in the city,” Accor New East Europe Development Director Yekateryna Marchenko told.

The object will be housed in a historic building near Khreschatyk Street, after restoration it will have 58 rooms. The expert noted that before joining the Accor chain, the Swissotel brand already made attempts to enter the Ukrainian hotel market, but the planned projects were not implemented.

Accor Group is one of the leading hotel operators in the world. It opened its first hotel under the Novotel brand in Lille (France) in 1967.

Ukrainian President: we could present gambling license with prospect of building new hotel

Ukrainian President Volodymyr Zelensky has not ruled out that gambling licenses could be issued if there is a prospect for building a new hotel or the licenses could be issued at a lower price if a hotel expands the number of rooms. “We have five-star hotels on the market, but they are very small. So far there is no way to make a casino there. We need a test... We want hotels to be built. Perhaps if, for example, it is a boutique hotel, then maybe we will give them licenses, which should cost a little more,” Zelensky said during a press marathon.

“If this is a very big brand hotel, we can give a license, while they build a hotel for us,” he added.

The president also said that the proceeds from the sale of licenses should go to sports, medicine or education.

Ukrainian banks to get EUR 70 mln credit line from EU to support local SME

Raiffeisen Bank Aval, ProCredit Bank and OTP Bank (all based in Kyiv) have signed a credit line agreement with the European Bank for Reconstruction and Development (EBRD) and the European Union (EU) for the total amount of up to EUR 70 million in hryvnia equivalent under the SME (small and medium-sized enterprises) Finance Facility of the EU4Business initiative. In particular, Raiffeisen Bank Aval will receive a credit line with the limit of EUR 25 million in hryvnia equivalent, ProCredit Bank – EUR 20 million in hryvnia equivalent, and OTP Bank – EUR 25 million in hryvnia equivalent. The total limit of the facility is EUR 120 million in hryvnia equivalent.

UFuture opens UNIT school of business in UNIT.City

On the basis of Small and Medium Entrepreneurship School (SME School, the project of Vasyl Khmelnytsky's K.Fund), UFuture opens UNIT School of Business in UNIT.City. The first open day at the new educational institution will take place on October 10 in UNIT Factory, Kyiv.

UNIT School of Business works in a new format for Ukraine: the program includes 119 hours of practical work on each participant's real business instead of theoretical lectures. Entrepreneurs bring their daily tasks and look for profitable ways to solve them together with teachers. For this, the school's experts have developed short practical programs for business modeling, marketing, sales, brand building, effective innovative tools that are easy to apply in the work of a small and medium Ukrainian business.



"We've created UNIT School of Business because in Ukraine, we haven't found any entrepreneurship school organized at a really great level. We understand how difficult it is for an entrepreneur to take a break even for two months, not to mention two years. Therefore, our programs are short and effective," Artem Makeev, CEO of the project, said.

Creators of UNIT School of Business have taken into account the experience of the educational business project "Superludi" ("Superpeople") and SME School (1.5 thousand graduates in the past three years). The mentors of the institution are market experts and business practitioners of UFuture, UNIT.City innovation park, UDP development company, Biopharma innovative pharmaceutical company, ITernal group of IT companies and an ecosystem of tech solutions, Lean Institute Ukraine, and "Superludi".

The launch of the new curriculum of UNIT School of Business will take place on October 21.

Grain harvest in Ukraine could hit record of 80 mln



Deputy Governor of the National Bank of Ukraine (NBU) Dmytro Sologub has said that grain harvest in Ukraine this year could reach 80 million tonnes compared with 70.1 million tonnes in 2018. "This year, grain crops harvest in Ukraine could hit a record of 80 million tonnes, and this is not a coincidence, not a factor of favorable weather conditions, but rather an increase in the effectiveness of the agricultural sector, which has invested a lot in updating machinery and technologies in recent years," the NBU said in a message on its Facebook page citing the deputy NBU governor.

In addition, according to Sologub, 80 million tonnes of grain is not the limit, and land reform can contribute to a significant increase in crop yields in the coming years.

As reported with reference to the Ministry of Agricultural Policy and Food, this year the harvest in Ukraine may reach 71.1 million tonnes (of which wheat – 27.8 million tonnes) compared to 70.1 million tonnes in 2018.

Privatization of Ukrainian spirit enterprises could be allowed in a year

A bill on demonopolization of the spirit sector could be passed by the end of this year, according to newly appointed advisor to the Minister of Economic Development, Trade and Agriculture of Ukraine on a voluntary basis Serhiy Bleskun. "A project to demonopolize the alcohol industry starts on Friday during the roundtable.



A law on demonopolization of the alcohol industry may be adopted by the end of the year.

According to Bleskun, the state receives UAH 4.6 billion annually from the alcohol industry.

"We ask buyers of alcohol how much time it will take to build a distillery. They say: one and a half or two years. If they are allowed today, then after one and a half or two years they will have their own alcohol to make private distilleries operate," he said.

State-owned enterprise Ukrspyrnt is a major producer of alcohol and alcohol-containing products in Ukraine. Until now, it was subordinate to the Ministry of Agricultural Policy and Food.

The total production capacity of the SOE is more than 36 million decalitres per year. It has 41 production sites.

Nibulon confirms intention to build transshipment terminal in Ukraine



JV Nibulon LLC (Mykolaiv), one of the largest grain traders in Ukraine, has confirmed its intention to build a terminal in Mykolaiv for loading grains and oilseeds to river transport with a storage capacity of 120,000 tonnes of agricultural products.



"With this initiative, our company has been contacting the competent authorities since 2016, but this issue has not been resolved for more than two years. Despite this, we confirm our intention for the construction of this facility," Nibulon said in a statement.

Nibulon confirmed its intentions in connection with the publication on the official website of Mykolaiv City Council of design documentation and a report on strategic environmental assessment. In particular, the matter concerns the construction of a terminal with an area of 5.67 hectares, a storage capacity of 120,000 tonnes of grain products, and an area for trucks of 2.5 hectares for loading grain and oilseeds to the Nibulon river transport.

JV Nibulon LLC was established in 1991. It is one of the largest operators in the grain market of Ukraine.

Philip Morris Ukraine, BAT, JTI and imperial tobacco in Ukraine mulling closure of factories over regulation of markup



Philip Morris Ukraine, British American Tobacco, JTI and Imperial Tobacco in Ukraine are mulling the possibility of decreasing production and later closing the tobacco factories on the territory of Ukraine over the adoption of the legislative requirement on the government regulation of markup on their goods by the Verkhovna Rada.

"The fact of adoption of this bill will have serious consequences for the industry. This is the absence of a transition period and implementation mechanisms. In the near future, this will expose our business to risks. We will be forced to consider the issue of producing our goods at other factories, since we do not even fully understand how to execute this bill," Director of British American Tobacco Ukraine Simon Welford said at a press conference at Interfax-Ukraine.

He said that bill 1049, passed at second reading, introducing a single account for paying taxes and duties, the single social security contribution, sets a fixed markup for wholesale and retail traders of tobacco products at 7% and 13% of the maximum retail price per package.

General Manager of Imperial Tobacco in Ukraine Rastislav Cernak said that these legislative initiatives could entail an increase in the volume of illegal trade in tobacco products from 8.4% to 20%. At the same time, he said that over the past three years, the volume of the "shadow" tobacco market has grown by about seven times and this annually cost UAH 5 billion the national budget.

At the same time, Cernak predicted a 25% reduction in cigarette production. "Such a 25% drop, according to our estimates, will cost the national budget about UAH 7 billion. Therefore, we urge the Verkhovna Rada to revise bill No. 1049 and remove the amendment that establishes the regulation of the markup. We request that transparent lawmaking in Ukraine along with an open dialogue with major investors start working, as such significant changes in taxation force us to rethink our business in Ukraine," he said.

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