



Investment Climate Reform for Ukraine

2012–2015

The project helps Ukraine to bolster its competitiveness and to enhance the country's trade diversification. It will simplify the regulatory regime for small and medium sized enterprises (SMEs), cut red tape, increase transparency and contribute to reduce corruption.

Ukraine's competitiveness has been constricted by the country's long-lasting and deep-rooted state approach to over-regulate. Unnecessary or random inspections, import or registration procedures as well as superfluous requirements or excessive documentation to obtain permits or licenses are still common and a huge burden for SMEs. A gap remains between the adoption of laws and their implementation with regard to food safety standards.

Overall goal

The project's objective is to increase the competitiveness of Ukraine's private sector, especially SMEs and agribusinesses, and to better integrate the Ukrainian economy into regional and global markets. For this purpose, the project aims to generate significant compliance cost savings for the private sector as well as to enhance food safety standards with the goal of improved access to regional or global export markets. The project will also help to create equal opportunities for SMEs as well as to reduce corruption thanks to fewer and less costly procedures.

Outcomes

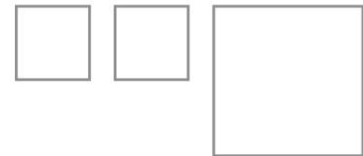
- Improvement or elimination of recommended procedures, firm level policies, practices or standards leading to direct compliance cost savings
- Enactment of recommended laws, regulations, amendments, codes or government policies in conjunction with direct compliance cost savings

Key outputs

- Elaboration and completion of reports, such as assessment studies, surveys or manuals in conjunction with compliance cost savings
- Organization and realization of workshops, training events, seminars or conferences targeting compliance cost savings

Previous results

Up to end of April 2015, the project generated annual savings of over USD 100 million for Ukrainian agribusiness and opened new markets abroad. This was achieved through: i) removing several mandatory but superfluous requirements regarding the inspection of agricultural machinery, the registration of export contracts for agri-commodities and the requirement to obtain an import permit for every single batch of plant protection products; ii) making previously mandatory certification of grain quality and grain silos voluntary, which generates savings for agribusinesses of USD 63.3 million per annum or about 1 USD per tonne of grain; iii) adopting the comprehensive Food Safety Law, introducing principles of producer liability and traceability as important pre-conditions for exports; iv) working on food safety inspections that helped in particular the poultry sector. This boosted Ukrainian poultry exports by 80 percent in 2013 compared to 2012.



In a nutshell	
Objective	Increase the competitiveness of Ukraine's private sector
Activities	<ul style="list-style-type: none">- Deregulation: Review of licenses and permits, followed by a remake and streamlining process of the existing licenses and permits- Inspections: Prepare a new inspections law, reduce the number of and increase the transparency of inspectorates and inspector services- Food safety: Contribute to the creation of a coherent food safety system in the country
Theme	Business enabling environment
Target Group	SMEs and agribusinesses in Ukraine
Country	Ukraine
Costs	Total project costs: USD 3.0 million Swiss contribution: USD 3.0 million
Partner	International Finance Corporation (IFC)
Responsible for Project Implementation	International Finance Corporation (IFC)
Current Situation / Background Information	Improper and unnecessary regulations lead to elevated compliance costs and thereby hinder Ukraine's competitiveness
Duration	2012–2015
Goal	Simplify Ukraine's regulatory regime – especially for small and medium-sized enterprises and agribusinesses, cut red tape, increase transparency and contribute to reduce corruption