**External Investment Plan**

Outreach campaign– *Fostering investments in Ukraine*

Draft Concept Note

1. **Background**

Over the last few years Ukraine's economy has continued to recovery following the recession of 2014-2015. Its GDP grew by 2.3 per cent in 2016 and sustained same growth levels in 2017. Ukraine has continued to implement structural reforms, generating positive trends in the economic and social sphere. Policy actions taken by the authorities have reduced external and internal imbalances and allowed a stabilization of the macro-economic situation.

However, in order to attract the investments necessary to sustain economic growth and to improve living standards across the country, the authorities need to redouble their efforts in the pursuit of business environment and investment climate reforms. Despite a number of successful economic initiatives, Ukraine remains massively underinvested. While the business environment and investment climate are improving (cf. doing business and World Economic Forum's ratings), many obstacles remain, and some key reforms are stalling (privatisation, land reform, etc.). The external perception of the country risk also represents a disincentive for foreign direct investments.

In the Eastern Partnership Summit Declaration[[1]](#footnote-1), the European Union committed to support reforms for investments and to mobilise resources to catalyse investments in specific sectors, in particular by making the best use of the External Investment Plan:

*"EU financial support to its partners will be conditioned by concrete reform steps. The EU's incentive-based approach ("more-for-more") will continue to benefit those partners most engaged in reforms. The External Investment Plan provides new funding opportunities, in particular through the establishment of the European Fund for Sustainable Development, expected to efficiently mobilise significant amounts of investment."*

The European Investment Plan (the Fund for Sustainable Development—EFSD—and in particular the new Guarantee Fund) has been set up to promote both direct investments and reforms improving the investment environment. The European Union is increasing its support to Ukraine by mobilising additional resources through the External Investment Plan already in 2018. This support, which is conditional to reforms, will be subject to close coordination with all relevant stakeholders, in particular International Financial Institutions (IFIs).

To promote this approach and support Ukraine in mobilising domestic and international investments,[[2]](#footnote-2) the EU will organise an event in March 2018, involving international donors, national authorities, private sector representatives, civil society representatives, IFIs and other development-oriented organisations, commercial banks and non-banking financial institutions.

The EIP promotional event in Ukraine will specifically target the following dimensions:

* Key economic reforms to improve the overall business environment and investment climate as well as sector based reforms conducive to mobilise domestic and foreign investments;
* Existing programmes and initiatives financed by International Financial Institutions which currently stalled and possible measure to unlock available funds;
* New instruments and facilities to be mobilised through the EFSD (blending and guarantee).
1. **Key stakeholders**

Ukraine's Ministry of Economic Development and Trade (MEDT), Ministry of Finance, and other national authorities, business community (including the European Business Association (EBA), American Chamber of Commerce, sectoral organisations), IFIs, civil society organisations, think tanks, media, members of Parliament, commercial banks, etc.

1. **Structure of the event**

Tentative Date – **March 14, 2018**

Venue – **Kyiv (location tbc)**

1-day seminar divided into 3 sections:

* **Opening**
* Welcome: Government of Ukraine (GoU) + European Commission (Commissioner tbc) + EBA
* Introduction – Snapshot the economic situation, focusing on investments (Key note speaker tbd)
* Introduction EU – the EU response to the investment challenges, including presentation of the EIP (Key note speaker – Deputy Director-General Katarina Mathernova (tbc))
* **Coffee Break – Press Conference**
* **Plenary discussion: *Fostering investments in Ukraine***

Overall discussion on key economic reforms, business environment and investment climate with key speakers from GoU, EC, IFIs, business community - Which reforms can catalyse investments?

* **Lunch break**

Parallel breakout sessions (2+2):

* **Section 1 -** MSMEs financing: key reforms and possible investments;
* **Section 2 -** Sustainable Energy: key reforms and possible investments.
* **Section 3 -** Municipal Infrastructure:key reforms and possible investments.
* **Section 4 –** Connectivity:key reforms and possible investments.
* **Wrap up - way forward: collecting inputs from the sessions / identifying next milestones / rendezvous next year**
1. <https://eeas.europa.eu/delegations/armenia/36189/eastern-partnership-summit-declaration_en> [↑](#footnote-ref-1)
2. <http://en.interfax.com.ua/news/general/464600.html> [↑](#footnote-ref-2)