<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>44,831,135</td>
</tr>
<tr>
<td>Area (km²)</td>
<td>603,550</td>
</tr>
<tr>
<td>GDP per capita (USD)</td>
<td>2,640.68</td>
</tr>
<tr>
<td>TPES (Mtoe)</td>
<td>94.38</td>
</tr>
<tr>
<td>Energy intensity (toe/10³ 2010 USD)</td>
<td>0.76</td>
</tr>
<tr>
<td>CO₂ emissions - energy (MtCO₂)</td>
<td>197.70</td>
</tr>
</tbody>
</table>

Sources:
1. The World Bank 2017
Ukraine’s overall risk level against the assessed areas is low.

Discrimination between foreign and domestic investors continues to be the lowest risk, with a slight decrease vis-à-vis last year. Breach of State obligations remains unchanged. The risk of unpredictable policy and regulatory change has gone down compared to 2018.

Ukraine has a good score on three of the EiRA indicators and a moderate score on one. It has once again received a score of 67 on regulatory environment and investment conditions and 63 on rule of law. On management of decision-making processes, the score has increased by 3 points and now stands at 62. The performance on foresight of policy and regulatory change has also improved from 57 to 59 points.

On a more detailed level, Ukraine’s overall sub-indicator performance is good. Regulatory effectiveness remains the highest-scoring sub-indicator with 83 points. It is on par with transparency, for which the score has gone up from 78 to 83 points. It is followed by management and settlement of investor-State dispute at 75 points. On communication of vision and policies Ukraine’s score has increased from 64 to 68. The sub-indicators robustness of policy goals and commitments, restrictions on FDI and respect for property rights have a moderate score of 50 each. The lowest-scoring sub-indicator is institutional governance with 41 points.

Ukraine provides attractive conditions for investors and is working in the right direction. Attention should be given to strengthening the country’s institutional governance.

### Year-on-Year Comparison

<table>
<thead>
<tr>
<th>Risk Areas</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unpredictable policy and regulatory change</td>
<td>40</td>
<td>39</td>
</tr>
<tr>
<td>Discrimination between foreign and domestic investors</td>
<td>37</td>
<td>36</td>
</tr>
<tr>
<td>Breach of State obligations</td>
<td>37</td>
<td>37</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foresight of policy and regulatory change</td>
<td>57</td>
<td>59</td>
</tr>
<tr>
<td>Management of decision-making processes</td>
<td>59</td>
<td>62</td>
</tr>
<tr>
<td>Regulatory environment and investment conditions</td>
<td>67</td>
<td>67</td>
</tr>
<tr>
<td>Rule of law</td>
<td>63</td>
<td>63</td>
</tr>
</tbody>
</table>
Implementation and evaluation of the Energy Strategy is entrusted to the Ministry of Energy and Coal Industry of Ukraine. In 2018, the Ministry of Energy and Coal prepared and published a report on the state of implementation of the Energy Strategy. The Resolution of the CMU dated 14 February 2018 “Some issues regarding State Inspectorate for Energy Supervision of Ukraine” and the Resolution of the CMU dated 18 December 2018 “On the formation of territorial bodies of State Inspectorate for Energy Supervision” were adopted to establish and operate a range of territorial bodies of State Inspectorate for Energy Supervision. To ensure greater security of supply and lower dependence on imports, the Cabinet of Ministers of Ukraine (CMU) adopted a Resolution for granting subsoil use licences via online auctions in October 2018. In line with this, three online oil and gas licensing rounds were conducted for the first time ever. One of the main objectives behind this initiative was to set transparent procedures in oil and gas licensing rounds. Bearing in mind the country’s commitment under the Paris Agreement, the Strategy on Low Emission Development of Ukraine up to 2050 was adopted in July 2018.

Areas for improvement

The Government should prepare an action plan for implementing the Energy Strategy beyond the first phase (until 2020). Progressive yet achievable targets should be set for the period 2021 to 2035. This will allow seamless implementation of the country’s short- and long-term actions and ensure that goals are effectively met. Moreover, compliance and enforcement measures must be incorporated in binding documents to ensure concrete efforts are made towards achieving the final goals.

While the implementation status of the energy targets is evaluated regularly, the monitoring authorities should be independent of the Government. Functional and substantive independence of monitoring frameworks is better guaranteed when monitoring entities are self-funded and have sufficient technical and skilled human resources to support them.

STRENGTHS

The Government has done significant work on the introduction of a new electricity market, which started functioning from 1 July 2019. To build on this progress, it intends to take further steps for completing the transition from the previous electricity market model to a new one, in particular by adopting a new law on settling the debt of the State enterprise Energorynok. To ensure greater security of supply and lower dependence on imports, the Cabinet of Ministers of Ukraine (CMU) adopted a Resolution for granting subsoil use licences via online auctions in October 2018. In line with this, three online oil and gas licensing rounds were conducted for the first time ever. One of the main objectives behind this initiative was to set transparent procedures in oil and gas licensing rounds. Bearing in mind the country’s commitment under the Paris Agreement, the Strategy on Low Emission Development of Ukraine up to 2050 was adopted in July 2018.

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The National Energy and Utilities Regulatory Commission (NEURC) is the regulator vested with functions of licensing and tariff-setting for utilities.

The Law of Ukraine “On the Regime of Foreign Investments” lays the legal foundation for foreign investment in Ukraine.

STRENGTHS
Initiatives were taken by the NEURC towards streamlining and implementing the country’s electricity market reforms. Rules governing the contractual relations between market participants were defined. For instance, in March 2018, new market rules, retail market rules, Distribution System Code and Commercial Metering Code were adopted. Regulation of the oil and gas sector also underwent significant improvements. For the first time since 2012, Ukraine offered oil and gas blocks to investors under Production Sharing Agreements in 2018. The PSA tenders stipulate attractive conditions, such as a 50-year term and standard provisions on legislative stability, access to international arbitration and a special regulatory and fiscal regime. To complement the PSA tenders, legislative reforms were also undertaken for simplifying and deregulating the rules governing the oil and gas sector.

In 2018, efforts were made to streamline the rules for corporate reorganisation, particularly in relation to Limited Liability Companies (LLCs) and Joint Stock Companies. Since LLCs are the most popular business vehicles for foreign investors, the clarity in laws is likely to have a positive impact on the investment climate. On 7 February 2019, a new legal framework governing foreign currency regulation entered into force. It includes the Law of Ukraine “On Currency and Currency Operations” dated 21 June 2018 and ten core regulations approved by the National Bank of Ukraine (NBU) on 2 January 2019. In June 2019, the NBU proceeded with the reforms and cancelled the requirement for the businesses to exchange 30 per cent of the received foreign currency into Ukrainian hryvnias. The aim is to simplify cross-border currency transactions and reduce currency controls.

AREAS FOR IMPROVEMENT
Further structural changes should be implemented to increase the institutional, financial and technical independence of the NEURC. In particular, budgetary approval from the Committee on State Budget of the Parliament should be granted within the time frame stipulated in the law (one month). All decisions of the NEURC should be published on time in the Official Gazette to ensure they are effected without delay.

Steps may be taken to reduce the remaining restrictions on foreign investors operating in the country. For instance, the Government may consider increasing the scope of land ownership for foreign companies and limiting local content requirements in certain energy sub-sectors.

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