



**4 YEARS OF SPURRING THE  
ECONOMIC GROWTH IN UKRAINE**

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EASYBUSINESS

ANNUAL REPORT

2018

EasyBusiness greatly admires the support of all donor and partner organizations who contributed to bringing our organizational goals to life in 2018



# TABLE OF CONTENTS

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Introduction	3
2018 at a glance	4
What we do	5
How we grow	19
Our team	21
Our partners	22
Our vision for the next 5 years	23

# INTRODUCTION

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## 2018 – A YEAR OF PARTNERSHIP FOR THE GOALS

In 2014, Ukraine witnessed an unprecedented economic and political turmoil, so-called the Revolution of Dignity. A weak state capacity could not respond promptly to emerging threats. The country demanded new approaches that would build a strong institutional capacity, thereby inducing a sustainable economic growth in Ukraine. While the official government was in the transient state, the civil society swooped into action. Inspired by the rising movement, EasyBusiness opened its door as an independent and liberal think tank.

For 4 consecutive years, EasyBusiness adheres to its mission of spurring the economic growth in Ukraine by developing evidence-based economic policy interventions in favor of Ukrainian business and society. In all our initiatives we exhalt the principles of free markets, better business climate, and protected property rights. By good fortune, our brave ideas have found a synergetic response in the government, donor and partner organizations that all combined contribute to the successful implementation of our numerous projects.

During the past 4 years, Ukraine has continued its transformation into a full-fledged democracy that is capable of operating independently and under the rule of law. Concurrently, a new era of Ukrainian transformation brings new calls and therefore requires the appropriate capability and flexibility in the established institutions. Considering this, in 2018, EasyBusiness has established a strategic alliance with Civitta, a leading Baltic management consulting firm.

“ *Through this strategic alliance with Civitta, our team significantly enhanced its institutional capacity. We are confident that this step will be crucial for further development of both EasyBusiness and Civitta towards making a lasting impact in a new post-revolutionary Ukraine*

– Andrew Shpakov, Chairman and CEO of EasyBusiness



In this annual report, we proudly present our key results for 2018 and show our vision for the next 5 years that will bring us closer to the economically prosperous Ukraine. More ahead!

# 2018 AT A GLANCE

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# WHAT WE DO

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## BUSINESS CLIMATE IMPROVEMENT

**Business Climate Improvement Program** aims to create a better business-enabling environment in Ukraine. The projects within the program target all economic agents to make an important step forward in the facilitating of economic prosperity and removing the barriers for doing business. The program will lay the ground for the long-delayed structural reforms. Projects include the following:

- 1 Norwegian-Ukrainian Business Guides for Grains, Fruits and Vegetables
- 2 Bureaucracy Index in Ukraine
- 3 Integration of Ukrainian SMEs into EU value chains
- 4 Investment Barriers, Competitiveness Assessment & Investors' Perception Survey
- 5 Norwegian-Ukrainian Business Guides for Textile and Furniture
- 6 Technical assistance to USAID Competitive Economy Program



## FREE MARKETS DEVELOPMENT

**Free Markets Development Program** promotes markets, free from interventions by a government, price-setting monopoly, or other authority. The research conducted will contribute to Ukraine's transition to a free market economy. Projects include the following:

- 7 Political Economy Assessment of Land Reform Issue in Ukraine
- 8 Political Economy Analysis of State-Owned Assets in Agriculture Sector in Ukraine



## PROPERTY RIGHTS PROTECTION

**Property Rights Protection Program** covers projects aiming to secure private property by clear laws and full state enforcement. The initial mechanism within the program has been based on the case of proprietary rights infringement caused by the moratorium on farmland sales. Within the advocacy stream EasyBusiness initiated the class-action suit to the European Court of Human Rights. Projects include the following:

- 9 Advocacy of the land reform and the establishment of the free farmland market Phase 1
- 10 Advocacy of the land reform and the establishment of the free farmland market Phase 2



# Bureaucracy Index in Ukraine



**Duration:** 3 months



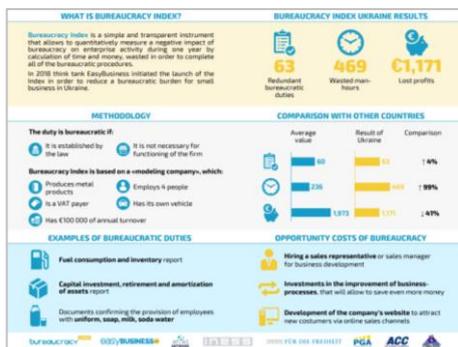
**Status:** Completed



**Activity:** Analysis, Communication

**Project description:** EasyBusiness initiated the launch of the Bureaucracy Index in order to reduce a bureaucratic burden for small business in Ukraine. Bureaucracy Index is a simple and transparent instrument that allows to quantitatively measure a negative impact of bureaucracy on enterprise activity during one year by calculating the time and money spent to complete all bureaucratic procedures.

**Results:** EasyBusiness conducted a comprehensive list of all the relevant bureaucratic duties for an average Ukrainian company. Also, the project engaged business and policy leaders through the International Bureaucracy Day to start a dialogue for reduction of the bureaucratic burden in Ukraine. In order to share the results of the research with a wide audience, EasyBusiness developed a special website <http://bureaucracyindex.in.ua/>.



**Partners involved:** the Atlas Network, the Friedrich Naumann Foundation for Freedom, Professional Government Association of Ukraine, Institute of Economic and Social Studies, the Union of Entrepreneurs of Small, Medium and Privatized Enterprises of Ukraine, the American Chamber of Commerce in Ukraine



# INTERNATIONAL BUREAUCRACY DAY 2018



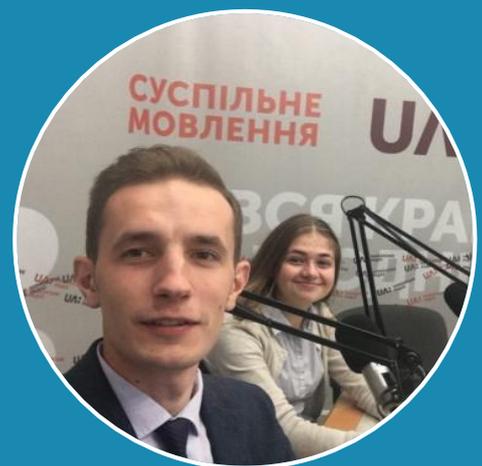
**50+**  
people visited  
the public event



## EASYBUSINESS IN THE MEDIA



**4**  
participations  
in TV and radio  
broadcasts



# Internationalization of Ukrainian SMEs within the Association Agreement with the EU



**Duration:** 4 months



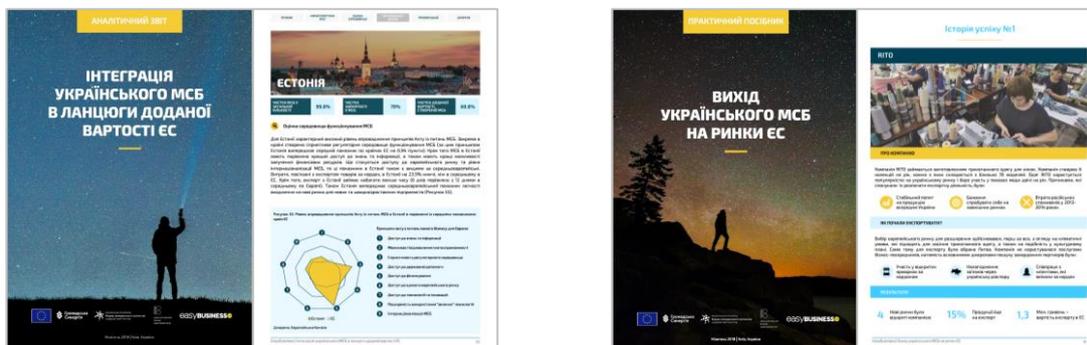
**Status:** Completed



**Activity:** Analysis, Communication

**Project description:** The aim of the project was to improve the access of SMEs to the benefits of the Association Agreement, namely the possibility of participating in the free movement of goods, services, and capital, which will enable them to join the EU's value chains. Within the project, EasyBusiness team conducted analytical research with an overview of the regulatory environment connected with a process of internalization of SMEs as well as the analysis of best practices in European countries. Based on the conducted analysis was created a list of recommendations and evaluate their possible economic effect.

**Results:** Key deliverables are the comprehensive analytical report “Integration of Ukrainian SMEs into EU Value Chains” and practical guide “How SME can enter the EU market”. To promote executed work and increase the level of utility for SMEs, the EasyBusiness team conducted trainings on how to export to EU in 4 Ukrainian regions for 60+ entrepreneurs, organized a round table on “How Ukraine can become the third country in Europe in terms of SMEs internationalization”, and wrote 2 articles with 4 thousand views in total. The project raised the interest of executive authorities and other active stakeholders.



**Partners involved:** the European Commission, the International Renaissance Foundation, the Civic Synergy Project, the Ukrainian National Platform of the Eastern Partnership



## PUBLIC EVENT “INTERNATIONALIZATION OF UKRAINIAN SMES”

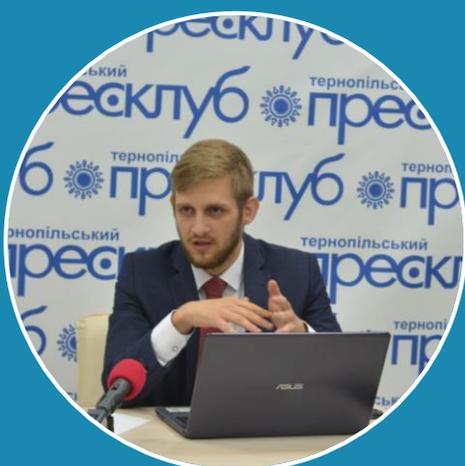


# 60+

people visited  
presentation



## REGIONAL TRAININGS FOR SMEs AND CONFERENCES



# 4

trainings in  
several Ukrainian  
regions



# Investment Barriers, Competitiveness Assessment & Investors' Perception Survey



**Duration:** 7 months



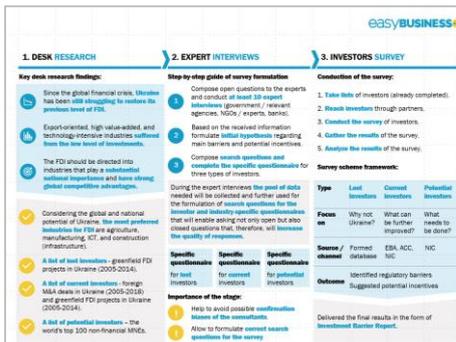
**Status:** Completed



**Activity:** Analysis

**Project description:** The aim of the project was to identify the obstacles for Foreign Direct Investment (FDI) in Ukraine and develop an effective policy solution to increase FDI. As a part of the project, EasyBusiness team conducted desk research on existing level of FDI and studied key challenges that restrict the growth of FDI. Based on the desk research, the team formed a list of obstacles for FDI within several Ukrainian industries and selected the most blundersome challenge (i.e., difficulties with investing in the port infrastructure). Next, the team developed a draft law on introducing a compensation of investments into strategic objects of the port infrastructure. The team conducted a regulatory impact assessment (RIA) of the proposed draft law and reasoned the necessity of the initiative.

**Results:** The results of the interviews and recommendations stemming from the analysis were formed in a country Investment Barriers Report.



**Partners involved:** the World Bank, UkraineInvest, Deloitte Ukraine, Kinstellar



# Norwegian-Ukrainian Business Guides for Textile and Furniture



**Duration:** 1 month



**Status:** Completed



**Activity:** Analysis

**Project description:** The project's goal was to select the most prospective products within the textile and furniture industries that would facilitate trade between Norway and Ukraine. The selection itself was based on the integrated approach that considered both demand and supply-side factors. The methodology incorporated several consecutive steps: formulation of the dataset with key trade indicators, building an aggregated score for each separate product within textile and furniture industries and selecting of top 3 products from each industry for further consideration. The last step was the formulation of an overarching list of steps needed to export/import those products.

**Results:** All information was presented in 2 brief and well-designed teasers that covered key benefits stemming from Norwegian-Ukrainian trade, description of selected products, key companies - exporters of selected products, and detailed procedures of exporting and importing of selected products (required documents, control procedures, tariff and non-tariff policies, and transport options).

**TEXTILE - INDUSTRY WITH A HIGH CROSS-BORDER POTENTIAL**

**SELECTED TEXTILE PRODUCTS**

Product Group	Value
PRODUCTION* and USE	100
NORWEGIAN FIBRE	97
FIBRES OF POLYESTERS	48
TECHNICAL CLOTH	48

**TEXTILE - NORWEGIAN IMPORTANT PRODUCTS**

Product Group	Value
Import value	USD 22 million
Annual growth of import	2%
Share of import from Ukraine	0%

**TEXTILE - UKRAINIAN IMPORTANT PRODUCTS**

Product Group	Value
Export value	USD 3 million
Annual growth of export	13%
Ranking in world export	37
Export value per worker	USD 0.8 million

**COMPETITIVE ADVANTAGES OF UKRAINIAN TEXTILE**

- Top 20 world exporters of plain woven fabric, knit coverings, knitted underwear
- Well-developed network of industry that produces technical products, including chemical fibres
- Available expertise for production of cheap and high quality content and home text
- Availability of technologies for spinning, harvesting and processing of wool

**WHY UKRAINE IS THE RIGHT PLACE FOR BUSINESS?**

- Look on the dynamics of international trade
- Simple and customer-oriented procedures
- A broad network of international trade partners
- Only few access to new EFTA markets

**COMPETITIVE ADVANTAGES OF NORWEGIAN TEXTILE**

- High quality and reliability of products, technical products, including chemical fibres
- Available expertise for production of cheap and high quality content and home text
- Availability of technologies for spinning, harvesting and processing of wool

**COMPANIES**

Country	Company Name
Norway	Skabben, Pridal AS, Uvel
Ukraine	Local Textiles, Ukrtextile, Ukrtextile JSC, Ukrtextile JSC, Ukrtextile JSC

**PROVIDER NOTES:** \* The information of the most prospective products for Norwegian/Ukrainian trade within the Textile Industry is calculated based on the trade data provided by the ITC. \*\* The information of the most prospective products for Norwegian/Ukrainian trade within the Furniture Industry is calculated based on the trade data provided by the ITC. \*\*\* For an in-depth analysis of the market, please refer to the market reports.

**HOW TO IMPORT TEXTILE FROM UKRAINE TO NORWAY**

- SUBMIT DOCUMENTS TO THE UKRAINIAN CUSTOMS**
  - Documents of Customs Accompanying the obligation for clearing import procedures. Consignments are issued by customs authority and can be treated within 2 days maximum after customs registration.
  - Customs declaration is a document containing the information about goods and other objects and vehicles, the purpose of their movement through the customs border of Ukraine, the customs regime which they are declared etc.
  - Foreign trade agreement that contains: (1) delivery terms, (2) terms of payment, (3) the subject of the contract, (4) price and total value of products.
  - Product specification that consists of: (1) volume of goods, (2) unit of measurement, (3) price per unit, (4) the total value of goods.
  - Invoice that contains: (1) the value, (2) base, (3) product and the price, (4) amount of sale and delivery, (5) a reference to the foreign trade agreement.
  - Packing list that consists of: (1) weight of the consignment, (2) quantitative characteristics of the product, (3) packing technique.
  - Bill of lading (B/L) issued by a carrier (or their agent) to acknowledge receipt of cargo to shipment.
- SUBMIT DOCUMENTS TO THE NORWEGIAN CUSTOMS**
  - Customs declaration that can be submitted through TIRIS - Norwegian Customs electronic system for exchanging customs declarations and should be sent to the customs representative company as required.
  - Single Administrative Document (SAD) that is a standardized customs form that contains the information taken from invoices, shipping documents, and required permits (SAD is used as an alternative to the declaration through TIRIS).
  - Invoice that includes: (1) information about the seller and buyer, (2) time and place for receipt, (3) list of consignments, (4) description of consignment content, (5) terms of delivery, (6) commodity code, (7) agreed price.
  - Bill of lading (B/L) issued by a carrier (or their agent) to acknowledge receipt of cargo to shipment.
- FULFILL TARIFF POLICY REQUIREMENTS**
  - SPV VAT has to be paid.
  - If a company is registered in the VAT registered it must calculate and report the import VAT to the Norwegian Tax Administration by way of the monthly return.
  - Otherwise importer have to pay import VAT to Norwegian Customs on import.
- FULFILL NON TARIFF POLICES**
  - SPV VAT has to be paid.
  - If a company is registered in the VAT registered it must calculate and report the import VAT to the Norwegian Tax Administration by way of the monthly return.
  - Otherwise importer have to pay import VAT to Norwegian Customs on import.
- DEAL WITH INTELLECTUAL PROPERTY ISSUES**
  - If a product is included in the custom register of The State Patent Service of Ukraine, the importer have to receive a permission from the owner of trade mark.
- PAY TAXES AND MANDATORY FEES**
  - There are no customs payments for selected textile products as per Ukrainian legislation.
  - Should follow EU regulations on packaging.
  - Should not consist hazardous chemicals.
- TRANSPORT OPTIONS**
  - The most reasonable means of the transport for the textile products would be sea one.
  - The costs of delivery depend on kind of product, its weight, volume, price etc. and can be calculated after the submission of the specification by a logistic company.
- HINTS**
  - The easiest way to prepare all required documents is to turn to licensed customs broker.
  - In order to receive a licensed transport solution, please, consider a licensed logistic company, which can also provide consulting services and insurance.

**Partners involved:** the Norwegian-Ukrainian Chamber of Commerce, Civitta



## Technical assistance to USAID Competitive Economy Program



**Duration:** 2 months



**Status:** Completed



**Activity:** Analysis

**Project description:** The purpose of Competitive Economic Program is to encourage the growth of startup businesses and small and medium-sized enterprises (SMEs) in Ukraine that would increase domestic market competition and support the competitiveness of Ukrainian firms in international markets. Within the project, EasyBusiness was responsible for conducting interviews with business representatives as well as performing a desk research and analysis of key Ukrainian industries and sectors in terms of their growth, export, investment, job creation, and inclusiveness potential.

**Results:** EasyBusiness team supported the analysis of 12 Ukrainian industries and sectors, conducted more than 100+ interviews with business representatives. All of the research findings were concluded in the comprehensive report.

**Partners involved:** the USAID, Chemonics International, JE Austin Associates, Civitta





## FREE MARKETS DEVELOPMENT

### Political Economy Assessment of Land Reform Issue in Ukraine



**Duration:** 3 months



**Status:** Completed



**Activity:** Analysis

**Project description:** Within the USAID ARDS project, EasyBusiness was worked on the Political Economic Assessment for land market reform in Ukraine. The project focused on supporting broad-based, resilient economic growth through a more inclusive, competitive, and better-governed agriculture that provides attractive livelihoods in rural areas. EasyBusiness team was working on summarizing key obstacles and opportunities, drivers and possible interventions through interviews with key stakeholders, including government representatives, business, agricultural associations, and lobby groups. Within the research, EasyBusiness team defined the political and economic actors engaged in the land reform, their political and financial interests, as well as the connections between agribusiness, agrarian lobby groups, political parties, and the Parliament.

**Results:** The project activities resulted in a comprehensive report that summarized the research findings.

**Partners involved:** the USAID, the Centre for Economic Strategy, the GfK Ukraine



**USAID**  
FROM THE AMERICAN PEOPLE



**Chemonics**  
Development works here.

# Political Economy Analysis of State-Owned Assets in Agriculture Sector in Ukraine



**Duration:** 3 months



**Status:** Completed



**Activity:** Analysis

**Project description:** The Political Economy Analysis was conducted as a part of the Agriculture and Rural Development Support project by USAID. The purpose of the analysis was to consider possible approaches for donor assistance to help increase the transparency and efficiency of state-owned assets management. The project contained an overview of the status of privatization of state-owned assets in Ukraine's agriculture sector, identified main reasons delaying quick and efficient privatization of SOEs in the sector and assessed prospects for such privatization in the existing political and economic environment.

**Results:** EasyBusiness team identified constraints and opportunities for donor interventions by analyzing the political-economic actors, benefits, and interests engaged in implementation, as well as those actors and interests that could accelerate implementation of this important reform. All of the research findings were concluded in the comprehensive report.

**Partners involved:** the USAID, Chemonics International, the GfK Ukraine





## PROPERTY RIGHTS PROTECTION

### Advocacy of the land reform and the establishment of the free farmland market Phase 1



**Duration:** 3 months



**Status:** Completed



**Activity:** Communication, Analysis, Advocacy

**Project description:** The majority of the general population believes in myths and stereotypes about the moratorium used by populist parties. The main reason for such a situation is the lack of access to an alternative point of view. EasyBusiness conducts a wide advocacy and communication campaign to change the public perception of the moratorium on the free farmland sale, increase the public demand for the land reform and gain political support for the land reform.

**Results:** In the course of the project, EasyBusiness conducted trainings on land reform issue in 4 Ukrainian regions for more than 60 people, organized round tables and conferences. Advocacy and analytical work under the project led to the improvement of access to national communication platforms (television/radio, new media, etc.) and more effective media support of reform through the communication of targeted messages with a wide audience. Advocacy and direct work with representatives of Parliament have led to an increase of the number of deputies who support the land reform: in 2015 - 3 deputies for the lifting of the moratorium, 2018 – 28 deputies who voted against the extension of the moratorium or abstained.

**Partners involved:** Centre for Democracy and Rule of Law, the Reanimation Package of Reforms



# Advocacy of the land reform and the establishment of the free farmland market Phase 2



**Duration:** 12 months



**Status:** Ongoing



**Activity:** Communication, Analysis, Advocacy

**Project description:** The overall goal of the project is to change the public perception of the moratorium on free farmland sale, increase support of land reform and receive a positive political decision regarding the establishment of free farmland market. The objective will be achieved through the process of conducting of educational and communication campaigns, developing practical guides and providing landowners with legal and information support after the abolishment of the moratorium on farmland sales.

**Results:** At the current stage of the project, the EasyBusiness team developed online platform [www.farmland.in.ua](http://www.farmland.in.ua) that support landowners in filing applications to the European Court of Human Rights (500 requests gathered). Through the use of the platform, there are already about 20 ECHR appeals by landowners and positive decision on 2 applications.



**Partners involved:** the Embassy of the Kingdom of the Netherlands



Embassy of the Kingdom of the Netherlands

## REGIONAL TRAININGS ON THE LAND REFORM ISSUE



# 60+

people visited  
trainings



## EASYBUSINESS IN THE MEDIA



# 9

participations in  
TV and radio  
broadcasts



## HOW WE GROW

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**Andrew Shpakov** speaks about economic reforms in Ukraine at the Atlas Network event in New York, January 2018

**Andrew Shpakov** discusses prospects for economic freedom in Ukraine at the Atlas Network event in Florida, January 2018



**Andrew Shpakov** participates in the Smith Fellowship, organized by the Atlas Network, in Washington, D.C., January 2018

**Dmytro Lyvch** discusses problems and opportunities of free farmland market launch in Ukraine at the 'Lights! Camera! Liberty!' forum in Los Angeles, May 2018



**Andrew Shpakov** and **Dmytro Lyvch** present EasyBusiness stand at the Atlas Network's 2018 Europe Liberty Forum in Copenhagen, May 2018



**Kateryna Shapovalenko** and **Andrii Diakiv** participate in the Europe Think Tank Essentials Workshop in Brussels, September 2018

**Andrew Shpakov** participates in the Atlas Network Liberty Forum in New York, November 2018



**EasyBusiness team** participates in Jo Jensen's training on think tank communication within the 'Lights! Camera! Liberty!' program in Kyiv, December 2018

## OUR TEAM

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**ANDREW SHPAKOV**

Chairman & CEO



**DMYTRO LYVCH**

Project Manager & Head of Analytics



**KIRILL KRIVOLAP**

Vice-Chairman



**KATERYNA SHAPOVALENKO**

Senior Economic Analyst



**MELANIIA VOLKODAV**

Economic Analyst



**ANDRII DIAKIV**

Economic Analyst



**YAROSLAV ZHYDYK**

Junior Economic Analyst



**MARYNA BOICHENKO**

Junior Legal Associate



**VADYM FEDCHYSHYN**

Junior Economic Analyst



**DAN PASKO**

Advisor



**IVAN KHOMENKO**

Junior Communication Manager



**ANTANAS SPECKAUSKAS**

Advisor

# WHOM WE THANK AND ADMIRE

The growth of EasyBusiness as a think tank is indisputably fueled by plentiful cooperation with international agencies, government, think tanks, and various civil society platforms. In 2018, EasyBusiness continued building a strong partner network that contributed to the successful implementation of projects and advanced competencies of the team.

## FOR GENEROUS FUNDING



## FOR TRUSTFUL COOPERATION



## FOR THE DISCUSSION PLATFORM



## FOR CONSIDERING OUR IDEAS



## FOR COMMUNICATION SUPPORT



# OUR VISION FOR THE NEXT 5 YEARS

We want to become a **#1 free-market think tank that unleashes Ukraine's economic potential in achieving US\$5 billion of annual FDI in 5 years**. To achieve it, EasyBusiness will leverage its strong expertise, unite bright opinions leaders, and collaborate with recognized partners in 5 key policy programs (advocacy of the land market reform, investment and business climate improvement, competitiveness and SME development, privatization and corporate governance reform, facilitation of innovation among startups).



# PROGRAMS AND SELECTED UPCOMING PROJECTS

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## 1 **ADVOCACY OF THE LAND MARKET REFORM**

Launch fully-liberalized farmland market that each year will bring additional FDIs to Ukraine. Key outputs:

- Launch and sustainable functioning of an Association of Free Farmland Owners
  - Attraction of additional funding from donors to establish regional branches of Association
- 

## 2 **INVESTMENT AND BUSINESS CLIMATE IMPROVEMENT**

Increase Ukraine's positions in the Doing Business ranking from 71 to 25 and introduce Ukraine to the A.T. Kearney Foreign Investment Confidence Index that will bring additional of FDIs. Key outputs:

- Business Climate Improvement Toolkit
  - A policy paper focused on foreign investment confidence
- 

## 3 **COMPETITIVENESS ENHANCEMENT AND SME DEVELOPMENT**

Improve Ukraine's position in the OECD SME index, increase the competitiveness of the Ukrainian economy, and stimulate establishment of international joint ventures projects that will bring additional of FDIs. Key outputs:

- Internationalization of Ukrainian SMEs Phase 2
  - Launch an Annual Competitiveness Report in Eastern European Partner countries
- 

## 4 **PRIVATIZATION REFORM AND CORPORATE GOVERNANCE FOR SOES**

Ensure readiness of Ukrainian SOEs for privatization that will bring additional of FDIs. Key outputs:

- Corporate governance assessment for 20-50 SOEs in a partnership with the UCGA
  - The Political Economy Assessment of the SOE privatization reform in Ukraine
- 

## 5 **FACILITATION OF INNOVATION AMONG UKRAINIAN STARTUPS**

Create a sufficient ecosystem that enables Ukrainian startups to attract of FDIs. Key outputs:

- Policy paper on innovation in partnership with the Digital Transformation Institute
- Launch the Ajujaht (TV show) in partnership with Civitta Estonia

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## CONTACT US



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