



Supporting Ukraine's Development and Prosperity

Preparing for World Bank Group-Ukraine
2022-2026 COUNTRY PARTNERSHIP FRAMEWORK

NOVEMBER 2021

Where does Ukraine stand today?

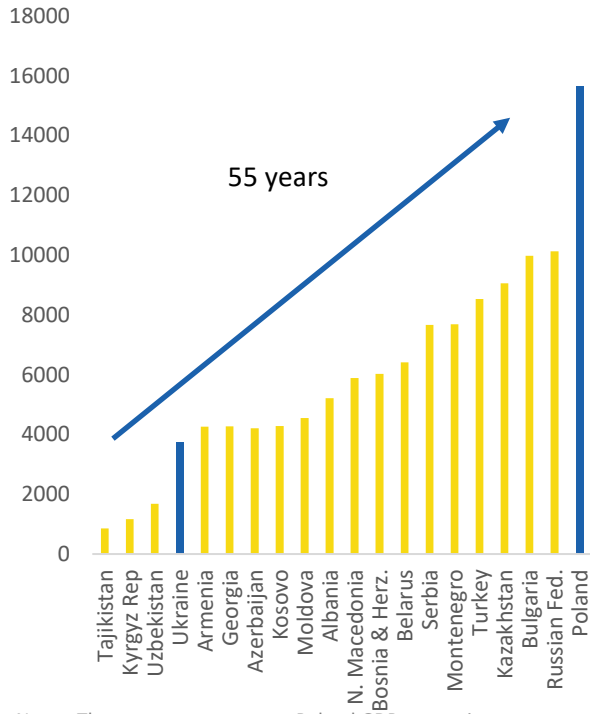


Source: World Bank Systematic Country Diagnostic 2021



It will take 55 years for per capita incomes to catch up to current per capita income in Poland

GDP per capita (US\$, 2020)

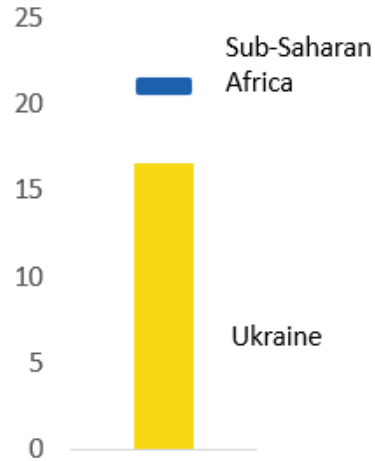


Notes: The years to converge to Poland GDP per capita assumes per capita growth rates for Ukraine of about 3 percent year, and low underlying investment and TFP growth rates of 15% and 1% respectively

Why? Foundations for productivity and investment are weak

Physical investment rates lower than sub-Saharan Africa average

Gross Fixed Capital Formation, % of GDP, Average 2010-19

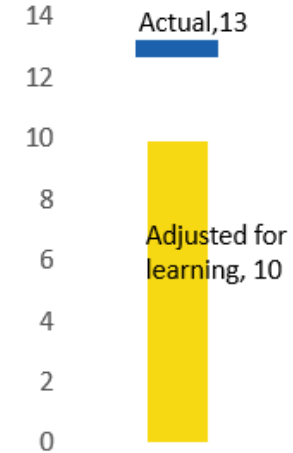


Capital is tied up in NPLs or stagnant, low productivity SOEs

Private investment deterred by corruption, rule of law, contract enforcement

Human capital investment is inefficient

Number of Years of Schooling in Ukraine



3 years of schooling is ineffective

Life expectancy 10 years < ECA countries

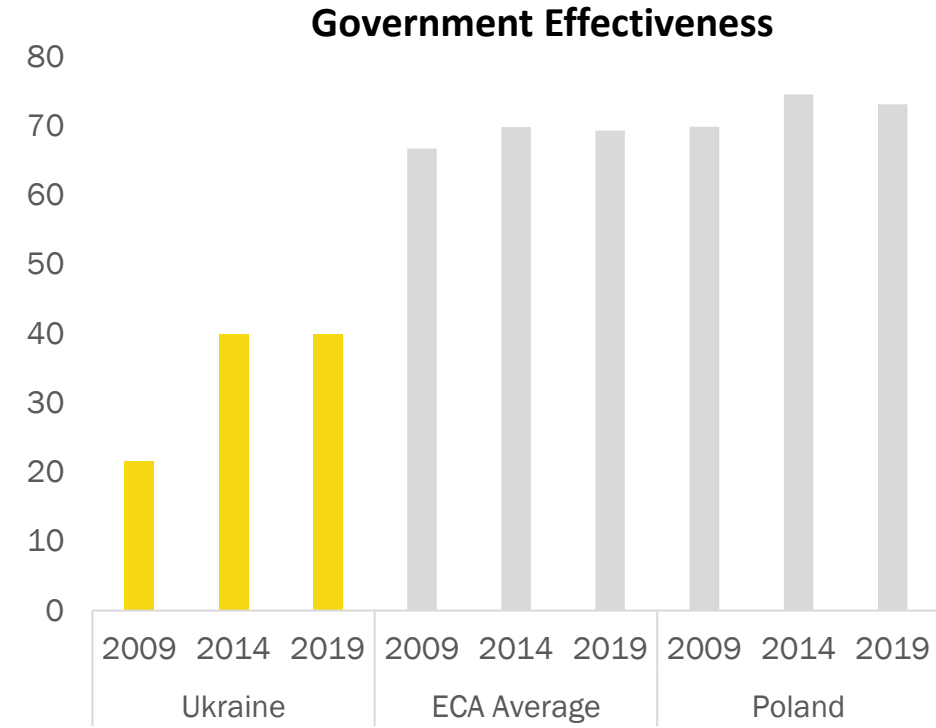
Internal: Low investment/growth despite reforms

Source: World Bank Systematic Country Diagnostic 2021



Major structural reforms enacted in recent years

But ... reform agenda unfinished and slow
And Ukraine's institutions much weaker compared to peers



Government effectiveness index measures the quality of public services, civil service, policy formulation, policy implementation and credibility of the government's commitment to improving these

External: Emerging challenges, also opportunities

Source: World Bank Systematic Country Diagnostic 2021



Climate Change

Major growth, productivity and livelihood impacts expected, including in key sectors (agriculture, transport, water);

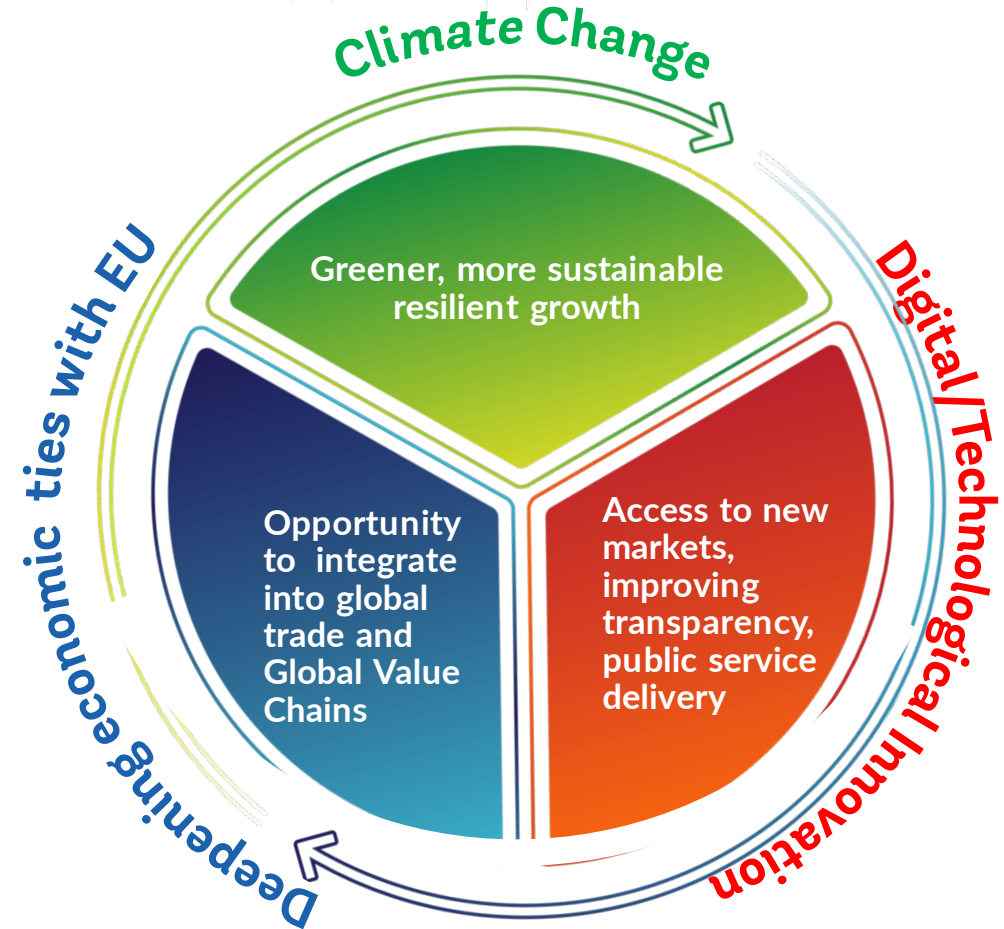
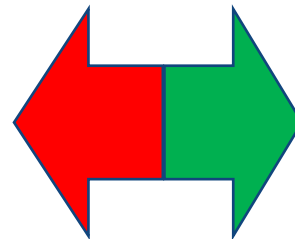
Transition may be disruptive given high carbon intensive economy,

Technological Innovation/transformation

Puts at risk low-skilled, older workers, process further accelerated by COVID-19

Deepening economic ties with EU

Likely accelerate decline of old industrial heartlands towards East, as more modern economic sectors emerge in west and center of country



Preparing Country Partnership Framework (CPF) 2022-2026



1

Informed by Systematic Country Diagnostic (SCD) - analytical diagnostic of World Bank Group



Independent view of technical staff, based on analysis of data and existing studies

2

Identifies major pillars along which World Bank Group agrees with Government of Ukraine to provide assistance – financial, technical and analytical

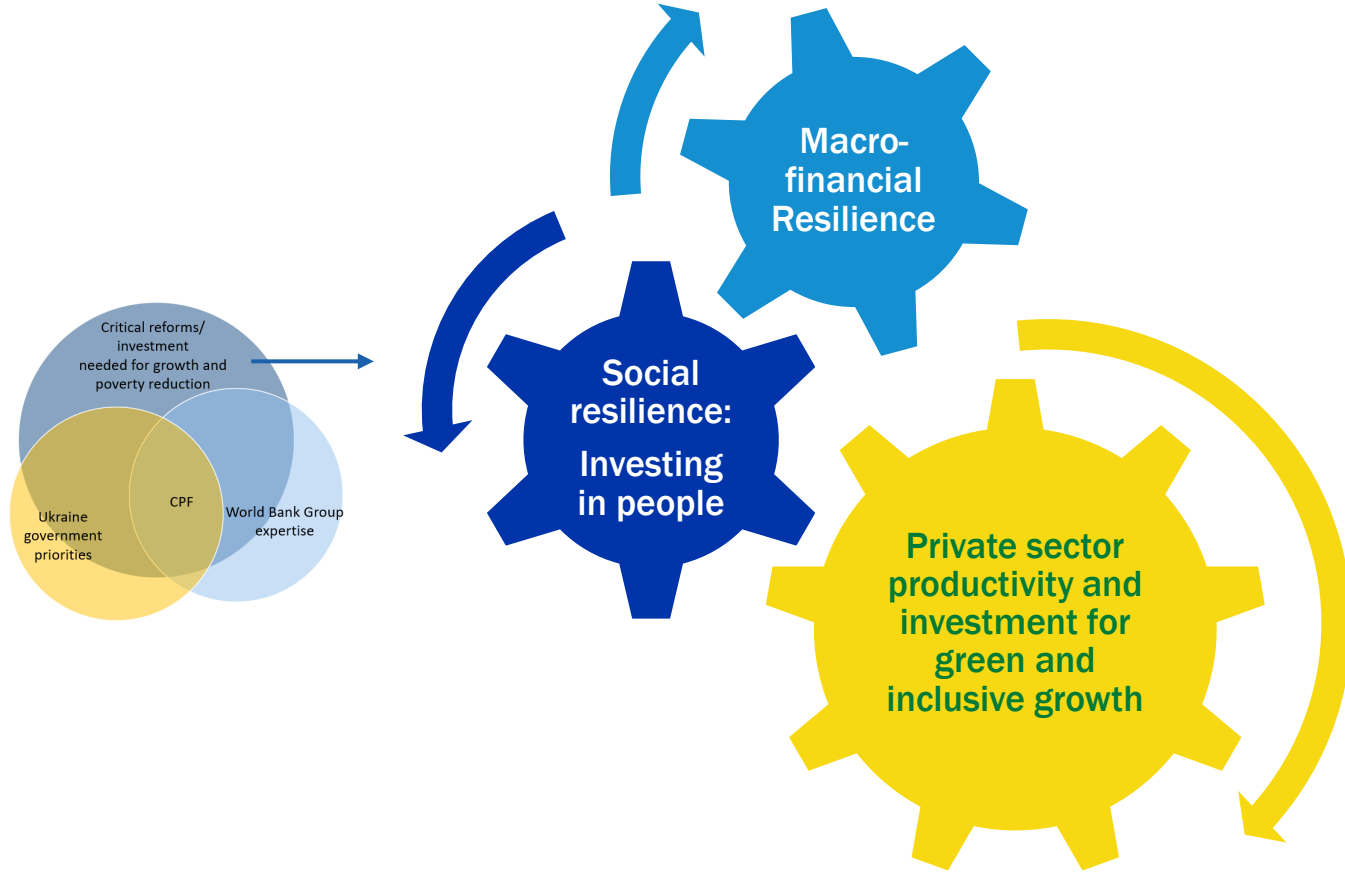
3

A selective and flexible program, decided between the World Bank Group and Ukraine's government based on

- Diagnostics of the SCD (critical reforms/investment needed for Ukraine's growth and poverty reduction)
- World Bank Group's specific expertise (comparative advantage)
- Government's own priorities

Critical Areas of Reform and Investment

Source: World Bank Systematic Country Diagnostic 2021



Stronger Institutions, Rule of Law, Reduced Footprint of State

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Fiscal resilience, tax reform, bank and non-bank supervision, inflation targeting, NPL resolution, deepening capital markets
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Stronger social safety net, education and skills, improved public health and hospital reform, rehabilitate infrastructure, improve water/sanitation access
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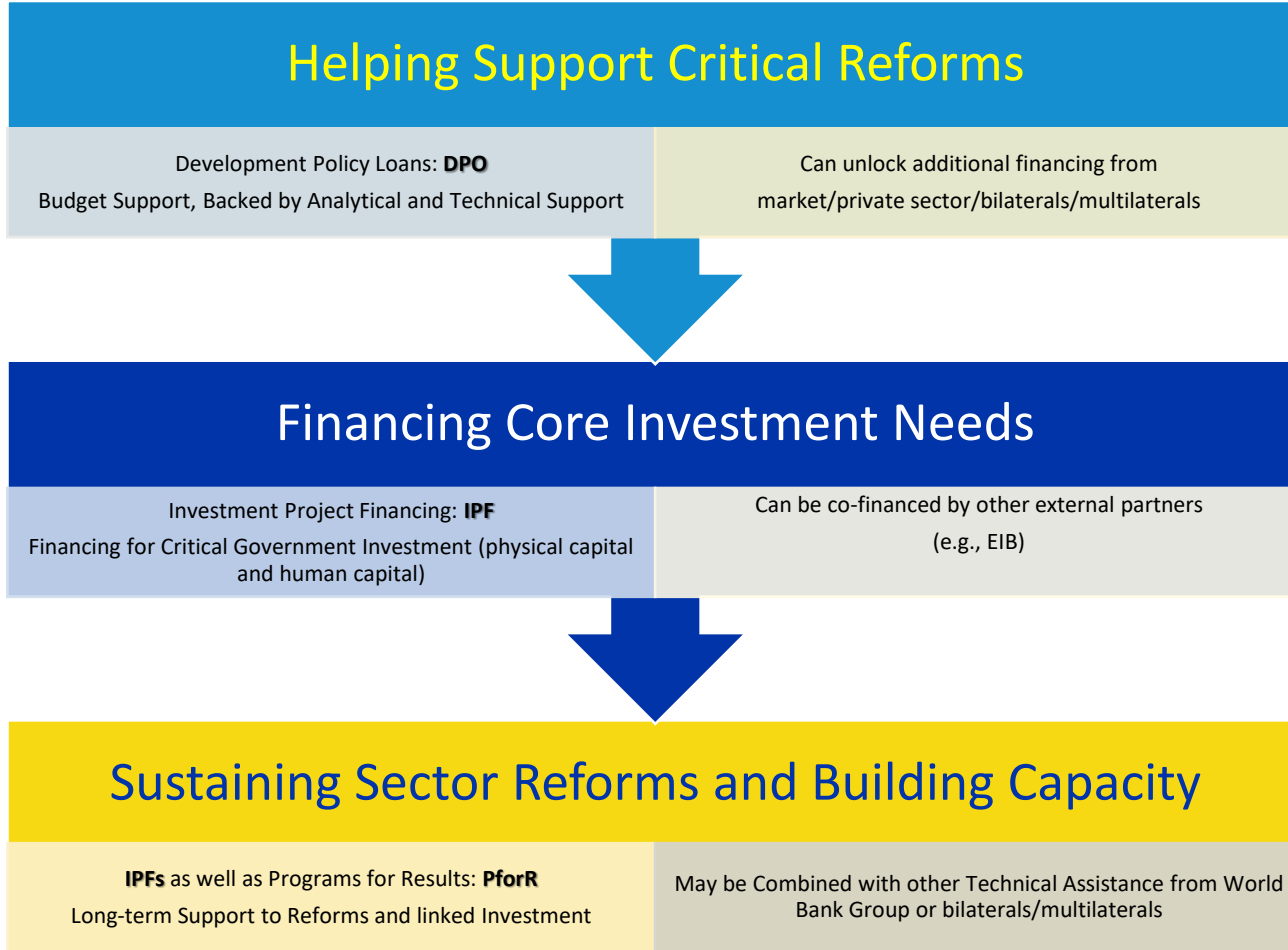
“Green” reforms and public and private investments in land, agriculture, energy, railways, roads, logistics and digital connectivity
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Anti-corruption reforms, judicial reforms, public sector accountability and transparency, SOE reform, digital government

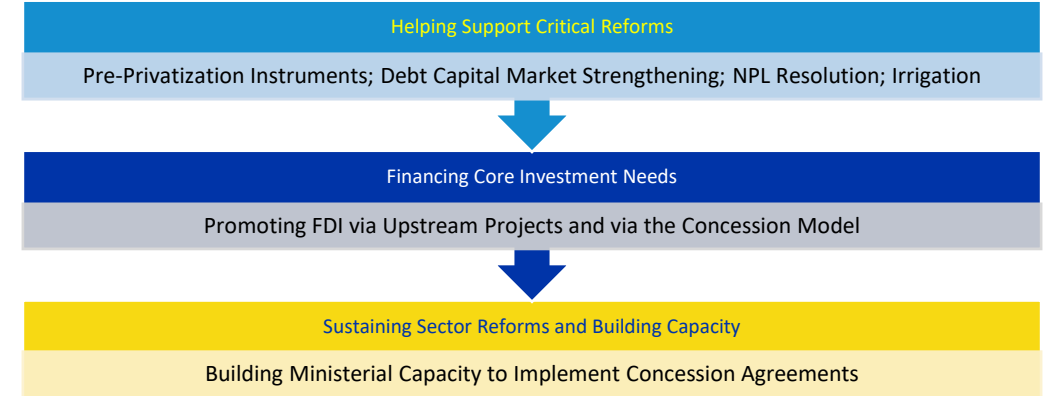
Design of World Bank Group Program



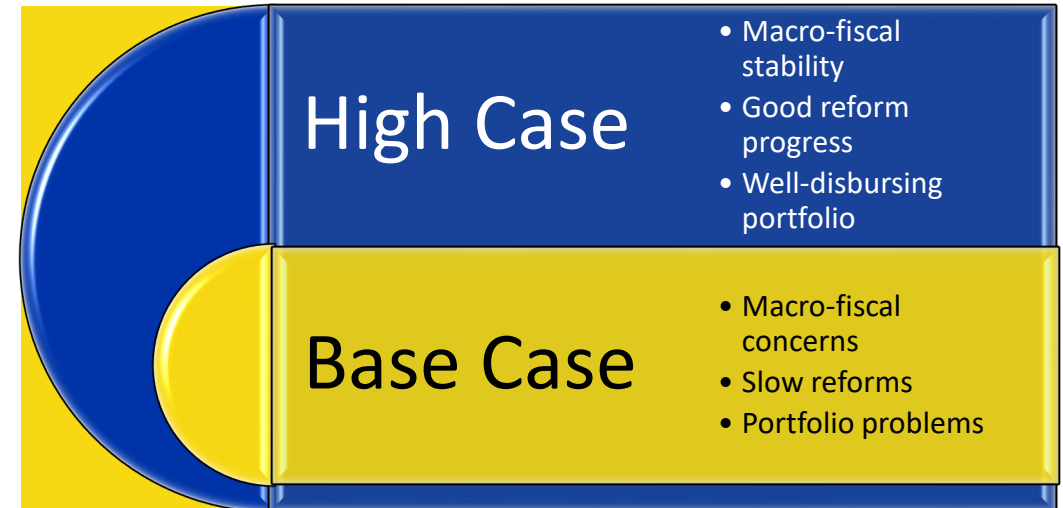
IBRD Instruments



IFC Support: *Examples*



Size of program will depend on:





Next Steps

Consultations on the Country Partnership Framework (CPF)

