



MINISTRY OF  
ECONOMY  
OF UKRAINE

# “INVESTMENT NANNY” LAW

**a comprehensive approach to support investors**

# Projects supported by the Law

**20+** mln €

Amount  
of investments

up to **5** years

Project  
implementation  
period

up to **30%**

of capital  
expenditures.  
Aggregate amount  
of support

**80+** jobs

Creation

## Sectors:

- processing industry (except for the production and circulation of tobacco products, ethyl, cognac and fruit alcohol, alcoholic beverages)
- extraction for further processing and/or enrichment of minerals (except for coal and lignite, crude oil and natural gas)
- waste management
- transport, warehousing, postal and courier activities, logistics
- education, scientific and scientific-technical activity
- health care, art, culture, sports, tourism, resort and recreational industry

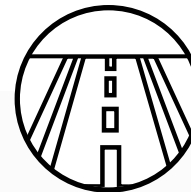
# Types of support envisaged by the Law



**Tax relief:** custom duties for importing new equipment (up to 5 years), income tax exemption, abolition of VAT and/or land tax reduction or exemption (up to 01.01.2035)



The government could secure the **land necessary for the implementation of the investment project (if required for the project)**

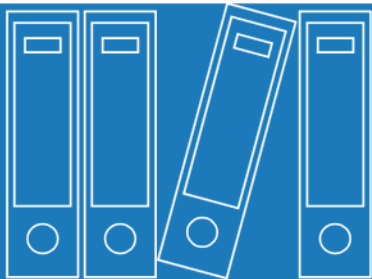


The government could **secure construction of related transport and utilities infrastructure (if required for the project)**



# Applying for support: Requirements for the feasibility study

- ☐ Brief **summary** of study preparation results
- ☐ Project technical feasibility evaluation and description of **technical**
- ☐ Significant **investment** amount and estimated **maintenance** (operational) cost
- ☐ **Legal Due diligence** findings
- ☐ Aanalysis of **social and economic indicators** of the project and assessment of **social effect**
- ☐ Description of the **market** environment
- ☐ Results of project **commercial** attractiveness evaluation (including for banks)
- ☐ Results of Project fiscal impact (budget effectiveness) analysis
- ☐ Project financial analysis – FIRR, FNPV, DPP, etc.
- ☐ Description of the forms and total amount of **state support** required for the Project
- ☐ Findings of Project **environmental analysis**
- ☐ Project **risks** identified, their evaluation and risk management solutions
- ☐ **The term** and steps of Project implementation

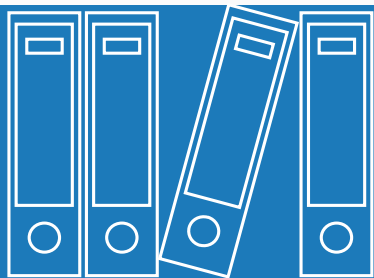
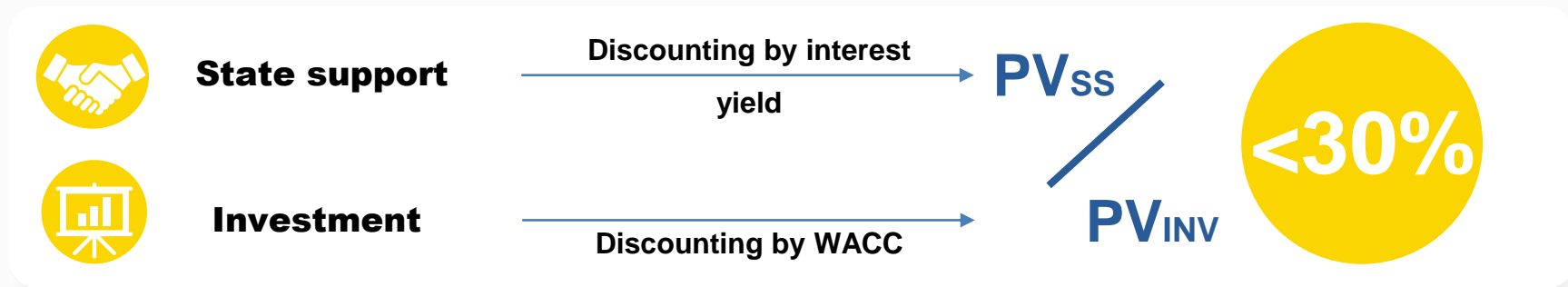


Resolution CMU dated 19.05.2021 № 515 (with changes)  
On the approval of the requirements for the technical and economic justification of the investment project with significant investments



# Applying for support: Estimating the amount of state support

The amount of state support is estimated by the applicant in preparation of the feasibility study based on the provisions of State Support Estimation Methodology endorsed by the Cabinet of Ministers of Ukraine.



Resolution CMU dated 07.07.2021 № 714  
Methodology for estimating the amount of state  
support for implementing a project with significant  
investment



# Applying for support: Financial capacity requirements

Equity adequacy

Net operating cash flow  
adequacy

Availability of  
funding sources

Financial sustainability,  
profitability and liquidity  
of the security party

## EQUITY

At least **20%** of the planned  
investment amount

## CASH FLOW

At least **20%** of the planned  
investment amount

## FINANCING

For effectuation of  
investment **in full amount**  
at the cost of own and/or  
outside funds

## SUSTAINABILITY

Equity to Total Assets Ratio – **not less than 0,2**

Equity to Debt Ratio – **not less than 0,3**

EBITDA – **not less than 0,07**

Current liquidity ratio – **not less than 0,7**

# Applying for support: Financial capacity requirements

## Associated companies



To prove compliance with the criteria, the applicant can provide the supporting documents of **the parent company and/or entities linked to the applicant by control**

## Consortium of companies



The eligibility criteria are applied to all **the legal entities in the joint application** (as a single entity), apart from financial sustainability requirements which apply to the legal entity financing the project

## Audit

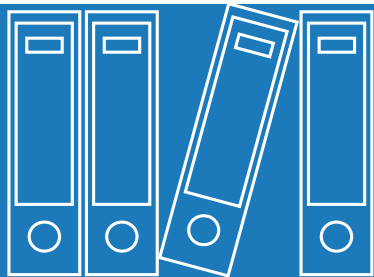


**The financial reporting** submitted by the applicant, must be **verified** by the eligible auditor

## Bank



The banks providing the applicant with the statement about their readiness to finance, **must meet bank reliability criteria**



Resolution dated 23.06.2021 № 648 (with changes)  
On approving the financial capacity requirements for an applicant for implementing a project with significant investment



# Evaluation procedure

(is 60 days, for projects, the financing of which will be provided at the expense of funds raised from the IFC, EBRD, EIB, other IFOs - 45 days)

Document compliance check by  
Ministry of Economy of Ukraine

**01**

Economic, financial, social and  
environmental analysis

**03**

Review of the form and total  
amount of the state support

**05**

**02**

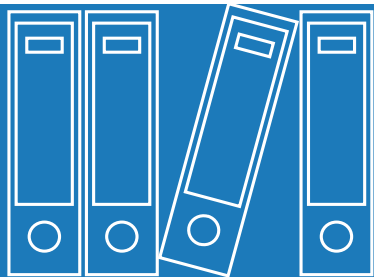
Collection of proposals  
from public authorities

**04**

Project risk analysis

**06**

Review of special investment  
agreement between  
Government and Investor



Resolution CMU dated 28.07.2021 № 819 (with changes)  
On Approval of the Procedure and **Methodology**  
**for Evaluating an Investment Project**  
with Significant Investments





# Stage 1 of investment project evaluation



**At this stage, documentation compliance check is run:**

- Of the project – to the requirements defined in Art. 5 of the Law; feasibility study content is reviewed
- Of the applicant – to financial capacity requirements and the requirements of Part 4, Art. 7 of the Law
- Of the submitted documents – to the legal requirements

**The term for Stage 1 – 10 working days**



The documents are passed forward to the next stage of evaluation



ME stops the evaluation procedure and returns the documents to the applicant with a request to address the violations along with the exhaustive list

# **Stage 2 of investment project evaluation: collection of proposals from public authorities**

**ME involves the following public authorities to evaluation:**

- Ministry of Finance
- Ministry of Environment
- Ministry of Justice
- Antimonopoly committee
- Other public authorities with relevant competences, local self-governments (if necessary)

**In case no proposals are submitted within 20 days term, the principle of silent consent applies**



## **Based on the public authorities' proposals, ME conducts economic, financial, social and environmental impact analysis**

- Checking the approaches used in CBA estimation
- The CBA methodology must not be in conflict with the approach suggested in the legislature
- The economic net present value (ENPV) must not be less than 0 (zero)
- The economic internal rate of return (EIRR) must not be lower than the discounting rate used for ENPV calculation

**ENPV > 0**



## Based on the public authorities' proposals, ME conducts project risk analysis

- ME analyzes the risks referred to in the feasibility study, and the risk mitigation solutions proposed by the applicant
- Presence of significant risks high likelihood of occurrence which may significantly affect the project, and lack of efficient mechanisms of such risk mitigation (especially environmental risks) can give the grounds for concluding on investment project inexpediency





# Based on the public authorities' proposals, ME reviews the forms and the total amount of state support

## Accuracy verification of the state support amount estimation which:

- Must be based on the Methodology endorsed by the CMU
- Must not exceed 30% of the planned significant investment amount

If the economic indicators (ENPV and EIRR) of the investment project do not meet the requirements as defined in the Methodology, the amount of the state support will be reduced down to the level at which such economic indicators meet the requirements of the Methodology

$$\frac{PV_{ss}}{PV_{INV}} < 30\%$$

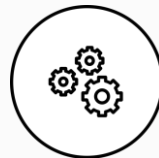
$$ENPV > 0$$

06

## Based on the public authorities' proposals, ME reviews the draft of a special investment agreement



Review of the draft of a special investment agreement for its **compliance with the provisions of the Law and the feasibility study** in terms of the amount and tentative schedule of effectuating investments, the number of new jobs, the average salary of employees



If the draft of the special investment agreement needs revision, ME returns the draft of the agreement with **comments and suggestion** about its revision, along with the conclusion about investment project expediency, to the applicant



a conclusion on the feasibility of implementing an investment project with significant investments and concluding a special investment agreement



a conclusion on the impracticality of implementing an investment project with significant investments and refusal to conclude a special investment agreement

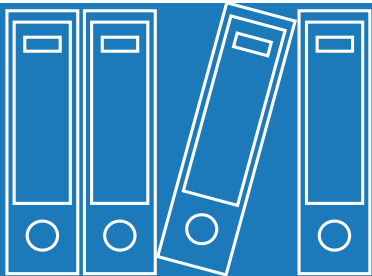
# **ME based on the results of the project evaluation, prepares one of the following conclusions:**

# Stimulation of new investment on the terms “investment nanny”

- 
- Changes
- resolution of the Cabinet of Ministers of Ukraine of June 23, 2021 № 648 "On Approval of Requirements to an Applicant regarding Financial Capacity to Implement an Investment Project with Significant Investments"
  - resolution of the Cabinet of Ministers of Ukraine of May 19, 2021 № 515 "On Approval of Requirements for the Feasibility Study of an Investment Project with Significant Investments"
  - resolution of the Cabinet of Ministers of Ukraine as of July 28, 2021, № 819 "On Approval of Procedure and Methodology for Conducting Evaluation of an Investment Project with Significant Investments"



**Consideration of  
proposals from potential  
applicants who intend to  
implement investment  
projects with significant  
investments**





Resolution CMU dated 09.08.2022 № 881  
On making changes to some resolutions of the Cabinet  
of Ministers of Ukraine regarding investment projects  
with significant investments








# Stimulation of new investment on the terms “investment nanny”


expanded capabilities  
effectuation of financing  
from any IFI of which Ukraine  
is a member 

the possibility of  
implementation  
projects by ICI 

reduced to 45 calendar days of the  
evaluation period investment project  
with significant investments , in case the applicant  
attracts financing from an IFI or a government  
financial organization 

some position of  
feasibility studies  
have been simplified and  
clarified 

the possibility of  
implementation  
projects by public companies  
with shares in circulation on  
foreign stock exchanges 

the position has been clarified  
regarding liquid assets 

 Reaching more investors and elimination of barriers standing on the way of  
business entities, who intend to implement investment projects with  
significant investments and receive state support provided by the Law