

Bi-Weekly Information Brief
on the Agriculture and Food Sector in Ukraine
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Summary

The key highlight from the agriculture sector is the rolling blackouts caused by bombings of the Ukrainian power grid by Russia, the disruption they cause across the agri-food sector, and their impact on the production costs of various processing industries. Other highlights include the statement by the Ministry of Agriculture that farmers will have sufficient fertilizers for the spring sowing, multiple reports about the progress Ukraine makes in establishing robust export routes through the existing and new channels, a reduction in speed of inspections of ships in the “grain corridor” leading to the accumulation of a thousand ships, with some waiting for passage for over a month, and a new initiative by the National Investment Council to facilitate development of agricultural processing.

The key highlight from the financial sector news is an improvement of the sentiment of the bank top managers towards the situation in the Ukraine economy and the financial sector in November.

The key highlight from the public sector news is a survey done by the Ministry of Agriculture through the State Agrarian Register to identify the needs of farmers for emergency power supply.

The International support section presents an impressive list of initiatives by Ukraine’s international partners to address a multitude of issues caused by the war.

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1. Agriculture Sector

1.1. Food supply

Flour prices in Ukraine are increasing due to rising production costs, reports APK-Inform. Earlier this year the flour producers had to cope with the shocks coming from the increase of input prices and logistics, and other costs. Currently, they must adapt to the rolling blackouts. The cost of power generators and fuel has to be reflected in their production cost.

As of December 1, high-grade flour offers are at the level of 10–11.8 thousand UAH/ton ex-works (EXW), which is 100–200 UAH/t higher than the week before (an approximately 2% increase in a week). An increase in flour prices will impact prices of other food products and influence food security.

Power outages can lead to a shortage of meat and dairy products and a price increase of vegetables, writes "Dzerkalo Tyzhnia". Serhiy Karpenko, the executive director of the Poultry Union of Ukraine, emphasizes that as the technological processes in the poultry industry are disrupted, the productivity decreases, and the cost of production increases. Power outages are also a problem for producers and processors of pork, says Oleksandra Bondarska, the head of the analytical department of the association "Pig growers of Ukraine". Processors faced cancellations of orders for chilled pork, postponement of deliveries, and forced revision of production and shipment schedules for finished products. The cost of energy resources increased due to the necessity to use power generators — the cost of energy from a diesel generator is three to four times higher than the standard rate of the power grid (roughly 30 EUR per Megawatt-hour).

Dairy factories are in the worst position. Milk processing is a continuous process, and a disruption of the production process leads to the need to discard the entire batch, which resulted in a sharp increase in production cost and shortage of the finished products, explains Arsen Didur, director of the Union of Dairy Enterprises of Ukraine. "If the issue remains unresolved, the consequences for the industry could be devastating. Dairy plants will be forced to stop receiving milk, and milk producers, having no sales, will have to get rid of their livestock," concludes Didur.

As a result of power outages in Ukraine, vegetables have become more expensive, explains the deputy chairman of the All-Ukrainian Agrarian Council, Denys Marchuk. Constant temperatures need to be maintained in storage rooms, with some of them heated, and some cooled to reach the required temperature. Clearly, this requires electricity. The use of power generators must be reflected in the price.

Agricultural producers suffer from power outages. According to the results of a survey of farmers organized by kurkul.com on how much the energy crisis affects them, 20% of farmers stated that they are ready for any scenario. Almost 50% of respondents reported having many new challenges but are finding ways to cope with them. 14% report having significant issues but manage to keep their operations in reduced form. 18% are forced to stop their work due to energy problems.

About 20% of capacity in the bakery industry of Ukraine is not utilised, writes APK-Inform. About 20% of enterprises in the bakery industry of Ukraine do not operate for various reasons connected to the war, such as destruction of facilities and evacuation of personnel. Moreover, due to mass migration of Ukrainians and growth of food prices, bread consumption has decreased by 15%.

As the first vice-president of the Ukrainian Association of Bakers Yurii Duchenko explains, there is a network of powerful bread factories in Ukraine, which are designed for mass production with significant capacity reserves, that can jointly satisfy the demand of up to 50 million people. Therefore, as soon as the demand picks up, the bakery industry will be able to satisfy it.

1.2. Agricultural production

As of December 1, grains were harvested on the total area of 9.4 million ha (85% of the sown area), harvesting of oilseeds is also almost completed reports agroportal.ua citing the Ministry of Agrarian Policy. With average yield of 4.44 t/ha, 41.9 million tons of various grains were harvested by the beginning of December. The figures for selected crops look as follows:

- wheat collected on 4.7 million ha (100%) with average yield of 4.12 t/ha, 19.4 million tons of wheat harvested
- barley collected on 1.6 million ha (100%), with a yield of 3.51 t/ha, 5.6 million tons of barley harvested
- corn collected on 2.5 million ha (60%), with a yield of 6.13 t/ha, 15.5 million tons of corn harvested.

With regard to oilseeds the harvesting campaign is also almost completed:

- sunflower seeds harvesting is already finished on 4.6 million ha (97% of the sown area), 9.9 million tons of seeds were harvested with average yield of 2.17 t/ha
- soybeans were harvested on 1.5 million ha (98%), 3.6 million tons of soy were harvested with a yield of 2.42 t/ha
- rapeseeds harvested on 1.1 million hectares (100%), 3.2 million tons of seeds collected with a yield of 2.89 t/ha.

The Ukrainian Grain Association increased its harvest forecast for grains and oilseeds in the 2022 season to 67.5 million tons. The previous forecast was 64.5 million, i.e. almost 5% lower. This is due to an increase in the areas from which the crop will be harvested and an improvement in the average yield from 3.57 t/ha to 3.64 t/ha.

The wheat harvest in Ukraine this year amounted to 19.4 million tons. At the same time, the transitional stocks of wheat from the previous harvest amounted to more than 10 million tons. The export of wheat in 2022/2023 marketing year (MY), taking into account the large transitional stocks, may amount to about 13 million tons, and the transitional stocks for the end of the season are forecasted in the amount of 6.9 million tons.

The harvest of barley amounted to 5.6 million tons (vs 10.1 million tons in 2021). Exports in 2022/2023 MY can be expected at the level of 2 million tons.

This season's corn harvest is forecasted at the level of 24 million tons (vs. 37.6 million tons in 2021), while exports can reach 20 million tons with remaining stocks of 7.8 million tons.

The sunflower harvest is expected at the level of almost 10 million tons (16.9 million tons in 2021), and exports, taking into account the transitional stocks from last season at the level of 5.8 million tons, are expected at the level of 6 million tons. The processing of sunflower into oil can reach 7 million tons (vs. 10 million tons in the last season).

Rapeseed harvest is at the level of 3.2 million tons (2.9 million tons in 2021). Exports in 2022/2023 MY are expected at the level of 2.8 million tons.

Soybean harvest is expected at 3.6 million tons (3.5 million tons in 2021), and exports in 2022/2023 MY are forecasted at the level of 3.5 million tons.

The total export of grains and oilseeds from Ukraine in 2022/23 MY may amount to 47.5 million tons, provided that the sea route of export is preserved until the end of the season. Taking into account the transitional balances from the last season of 26 million tons of grain and oilseeds, by the end of this season the balances will amount to 19.2 million tons.

The need for fertilizers for spring sowing is 1.5 million tons. This was stated by the director of the Department of Agrarian Development of the Ministry of Agrarian Policy and Food of Ukraine Ihor Vishtak. In particular, the need for nitrogen fertilizers will amount to more than 1 million tons. The expert claims that this demand will be met by domestic producers. The need for complex fertilizers of 0.5 million tons will be covered partly by domestic producers and partly by imports.

1.3. Processors

Ukraine will lose its world leadership in the export of sunflower oil, says Svitlana Kupreeva, UkrAgroConsult analyst of oil markets. She explains that the reduction of the sunflower harvest by 33% compared to last year will lead to the loss of the first place in the global rating of sunflower oil exporters for Ukraine, which it has held for many years. There is, however, a good chance that the loss of the top position will be short-term. As the expert explains, a comparison of profitability of various crops shows that, for next year's harvest, farmers will prefer sowing oil crops. According to the expert's assessment, the export potential of the Ukrainian sunflower oil market in this marketing year is 4.3 million tons, though the grain corridor remains the key factor for its realization.

1.4. Logistics

During the current year, IZMAIL port increased transshipment of grains 93 times, states APK-Inform. State enterprise "IZMAIL Sea Trade Port" in the first 10 months of the year 2022 increased cargo handling by 1.659 million tons to 4.843 million tons (adding 52.1%). The largest increase was recorded for grain cargoes — 93.4 times, coming up to 1.027 million tons. Transshipment of food products and grain processing products increased 5 times to 643.7 thousand tons, of vegetable oils — 2 times to 140 thousand tons.

Transshipment of export cargoes in January-October 2022 increased by 61.3% to 4.084 million tons, import cargoes by 5.4 times to 700.8 thousand tons. At the same time, transit cargo decreased by 4.9 times — to 92.4 thousand tons.

In November, Ukraine has exported almost 4 million tons of grain, reports APK-Inform. According to data from the State Customs Service, as of November 28, since the beginning of the 2022/23 marketing year on July 1, Ukraine exported 17.193 million tons of grains and leguminous crops, including 3.991 million tons in the period of November 1 to 28. At the same date in the previous marketing year, the volume of exported grain made up 25.261 million tons, including 5.817 million tons in November 2021. As mentioned in Section 1.2 above, this year harvest is lower than the last year. Therefore, decreasing of export volumes, including November decrease, reflects this tendency.

In terms of key crops, since the beginning of the current marketing year, the following volumes were exported:

- wheat — 6.636 million tons (1.638 million tons in November)
- barley — 1.358 million tons (252 thousand tons in November)
- corn — 9.128 million tons (2.077 million tons in November)

About 450 thousand tons of Ukrainian grain is transported through Poland per month, writes latifundist.com. According to the information from the Ministry of Infrastructure of Poland, about 452 thousand tons of Ukrainian grain is transported monthly through the territory of Poland. By the end of 2022, the monthly volume added 50% compared to the average in the summer months. Compared to October 2021, monthly increase is more than 16 times. This increase is the result of the limitations of the sea export. The export is administered within the framework of the EU Solidarity Lanes program.

The European Commission announced accumulation of 1 billion EUR to finance the EU Solidarity Lanes initiative focused on transportation of Ukrainian agricultural products, reports latifundist.com. The Ministry of Agrarian Policy and Food acts as partner from the Ukrainian side and distributor of these funds in the country. Ukrainian Railways actively cooperates with the Ministry within the framework of the initiative and expects that part of the investments will be used for financing the following two important areas: the first one is financial support of transshipment terminals on Ukrainian territory in the border zone, the second one — is partial compensation of construction of a new railway freight cars park on a narrow-gauge track.

The Odesa Port Plant was repurposed for grain transshipment. As agropotal.ua reports, the state-owned “Odesa Port Plant” (OPP), that is designed for production of nitrogen fertilisers but is not operating, has completed the repurposing of its own port facilities for the transshipment of grain to sea ships for export. As noted by the acting Chairman of the board and Director of OPP Yuriy Kovalskyi, this became possible after carrying out many preparatory procedures, developing effective schemes for the implementation of this project, receiving a positive decision of the examination from the controlling authorities, which gave permission to use the capacities of the transshipment complex of the plant. While the plant is not working, its port facilities can be used to improve the logistics of Ukrainian grain.

EU support for the construction of terminals and wagons. According to Rail Insider, Ukrainian Railways expects that within the framework of the European Union’s EU Solidarity Lanes initiative, funding will come for the creation of terminals in the border zone, as well as for the construction of European-standard freight cars for the transportation of Ukrainian products. This was announced by the chairman of the board of the railway company Oleksandr Kamyshin during the “Infrastructure Day 2022” of the European Business Association. A few weeks ago, the European Commission announced the accumulation of 1 billion EUR for investments

under the “Solidarity Lanes” initiative with a focus on the transportation of Ukrainian agricultural products. This will ensure stable export of Ukrainian agricultural products to EU countries and other countries of the world.

New checkpoints for rail freight transportation to Europe. According to propozitsiya.com with reference to railfreight.com, Ukrainian Railways plans to open six additional checkpoints for rail freight transportation to Europe. Three facilities will be added on the border with Poland, two on the border with Romania and one on the border with Moldova. Some of the checkpoints may become operational within three months, said Valery Tkachov from Ukrainian Railways during the conference “Ukrainian exports — how to get access to the sea”. Three border points with Poland are still under construction and should be completed in 2023–2024. With the additional six points of the border between Ukraine and European countries, there will be 19.

The movement of ships along the “grain corridor” slowed down by 50%. reports Reuters. According to the UN, since the extension of the “grain deal” after November 19, no more than 5 ships with grain leave Ukraine per day, compared to previous weeks, when up to 10 ships had left daily. The UN spokeswoman for the Black Sea Grains Initiative, Ismini Palla, said that vessel movements were affected by the uncertainty regarding the continuation of the grain deal, bad weather conditions in Istanbul, and the rotation of new staff and inspectors at the Joint Coordination Centre (JCC). Currently, more than a thousand vessels are waiting for inspections in Istanbul waters, including some that have been idle for more than a month, reports the JCC, adding that ways to increase the number of vessel inspections are currently being discussed.

An initiative is discussed to give priority to larger vessels to go through the “grain corridor”. writes Bloomberg. Ukraine is considering giving priority to larger vessels to pass through the grain corridor to increase exports on the backdrop of a slowdown of ship inspections in the strait of Bosphorus. The idea is to allow ships able to carry at least 15 thousand tons of grains or oilseeds, and at least 6 thousand tons of sunflower oil. The First Deputy Minister of Agriculture of Ukraine, Taras Vysotskyi, confirmed the discussions held at the meeting of the coordination centre for logistics in the agriculture industry. However, the UN representative from the Black Sea Grain Initiative noted that the agreement has no restrictions on the size of the vessel, and the movement of vessels is allowed based on applications from the Ukrainian seaport administration.

The first ship with Russian fertilizers went to Malawi. This was announced by the official representative of the UN Secretary General,

Stefan Dujarric. Unblocking the export of fertilizers can allow Russia to export over 20 million tons of nitrogen and phosphate fertilizers per year and earn about 15 billion USD annually. Nitrogen and phosphate fertiliser production is heavily dependent on natural gas, which comprises over 70% of their production cost. In the conditions of reduced gas export capabilities of Russia, exporting fertilisers is the simplest and most logical step to utilise the excess volumes of natural gas.

Adding the Mykolaiv Sea Trade Port to the grain corridor will be possible only after the release of the Kinburn Spit in Crimea, reports Interfax-Ukraine citing the head of the Mykolaiv Regional Administration, Vitaly Kim. "Ships have to pass within a kilometre from the Kinburn Spit, which is currently dangerous. When there will be no artillery there, it will be the time. So far, we are preparing," Kim said. Note that, as we reported earlier, Ukrainian Government officials called for expanding the "grain deal" to include the ports of the Mykolaiv region, which before the war handled a third of Ukrainian food exports.

Rates for railroad transportation sharply increased, reports the Electronic Grain Exchange of Ukraine. After the extension of the grain deal, traders intensified deliveries to the ports, and Ukrainian Railways increased the starting bid at auctions for the use of their grain cars. As the result, the cost of freight to the ports of Ukraine tripled, and to EU ports — doubled. The logistics costs are reflected in the cost of Ukrainian grain and reduce its potential in the global market.

1.5. Coping strategies

Ukraine is launching the Grain from Ukraine international program.

The website of the President of Ukraine Volodymyr Zelenskyi announced the start of the Grain from Ukraine program with the aim to provide grain to poor countries in Asia and Africa. As Volodymyr Zelenskyi said at the International Summit on Food Security in Kyiv, Ukraine is one of the guarantors of global food security and will fulfill its obligations despite the Russian invasion. According to him, an example of this is the Black Sea Grain Initiative, which unblocked the supply of grain through Ukrainian ports in the Black Sea. However, Zelensky added that this program is not working at full capacity, as the Russian Federation is trying to delay the movement of ships. There is a queue of about 80 ships in the Bosphorus Strait. For this reason, the Grain from Ukraine initiative was launched, which will make it possible to feed about 5 million people in countries like Ethiopia, Sudan, South Sudan, Somalia, Yemen, Congo, Kenya and Nigeria. This will increase food security in the world.

Development of agricultural processing in Ukraine could bring the Ukrainian economy 5% of GDP annually. This was stated by the secretary of the National Investment Council under the President of Ukraine, Halyna Yanchenko, in an interview for AgroPolit. According to her, the direction of agricultural processing is a key priority for the transformation of the Ukraine's economy. In 2021, the agriculture sector of Ukraine provided 20% of the GDP and 40% of export earnings. At the same time, Ukraine exports nearly 80% of harvest without any processing. If domestic raw materials were processed, it would be a powerful driver for the agribusiness and related industries.

Currently, the National Investment Council has started working on the concept of Great Agriculture Processing. According to the research carried out by the Council, if 50% of the raw materials exported today were processed domestically, this would result in additional 5% of GDP, 30 billion USD in foreign currency, 30 thousand new jobs, and 2 billion USD of fiscal revenues to the budget every year.

A unique enterprise is being created in Zhytomyr region, reports uprom.info. An enterprise will work with beeswax and produce an array of derivative products for perfumery, cosmetology, and other industries. The enterprise is being created as the result of a merge of two companies, one from Zhytomyr region, and another from Kharkiv region, which moves its facilities and staff to Zhytomyr. The new company will have unique technologies and will be the only one of its kind in Ukraine, said the heads of the two companies starting this business: Yuriy Kulakov, the director of the Zhytomyr Agrofirma Bdzholovod LLC and Denys Soldatov, the director of the Khariv company Bdzholoproduct. "The decision to move the company from Kharkiv region was not easy, says Denis Soldatov, but in the conditions of the war it is key to preserve the company's unique technologies and developments, and staff". At the new location the entrepreneurs plan to preserve the existing staff and create at least seven new jobs, and if they succeed in realizing their ideas, they plan to further employ over fifty more employees.

In Volyn region an export-oriented industrial park Novo has been opened. Oleksandr Bondarenko, the head and founder of the management company of the Novovolyn Industrial Park, stated that there are already preliminary agreements with enterprises in the field of fish processing, food production, and logistics to enter the industrial park. The Novo industrial park is a 20-minute drive from Poland. The park's area is 20 hectares. It is connected to all utilities: water, gas, and electricity, and has railway and highway access.

Note that for the purpose of business growth and creating more jobs, residents of industrial parks in Ukraine are exempt from import VAT and customs duties when importing new equipment, from income tax for 10 years in case of conducting activities within the industrial park, enjoy preferential rates of real estate tax and land fees. In addition, local governments are allowed to offer reductions of local taxes. As a result, savings of up to 25% of a new business investment is possible in industrial parks.

Ukrainian food products are promoted in the Danish market, reports the press service of the Office for the Development of Entrepreneurship and Expor. Residents of Denmark will be able to enjoy cheeses, sunflower oil, instant soups and beer with the Made in Ukraine label, having purchased them in the supermarket chain of one of Denmark's largest retailers, Coop Danmark.

With the assistance of the Office team, the companies "Obolon", "Svarog" (trademark "Happy Flakes") and "Dubnomoloko" (trademark Komo) held a series of B2B meetings with Coop in Kyiv and signed four contracts for the supply of products to Denmark. The Office noted that a partnership with Coop is a win for Ukrainian business, as the share of the mentioned companies in the total turnover of Danish retail market is estimated at 38%.

Investments to Ukrainian economy will increase. According to rail.insider, the US-Ukraine Business Council (USUBC) indicates that in the next 20 years, Ukraine will be one of the largest recipients of investments in the development of infrastructure, energy and agriculture in the world. This forecast was expressed during the conference "Ukrainian exports — how to get access to the sea?"

"For the next 20 years, Ukraine will be one of the biggest recipients of investments and cooperation not only with American, but also with European and global partners. American companies will actively invest in infrastructure, energy, agriculture, of course, especially in railway transport. There are various foundations, companies, groups that create platforms for discussing the future of Ukraine. They are waiting for increased investment in Ukraine and hope for help from the American government and international financial organizations. The American state is preparing for investment support of Ukraine," said Eric Luhmann, financial director of USUBC.

1.6. Specific private sector companies

MHP suffered losses in the amount of 269 million USD, according to latifundist.com with reference to the MHP interim financial statements. The

agriholding finished nine months of 2022 with a loss of 269 million USD (vs. 377 million USD net profit for the respective period of 2021).

Losses from exchange rate differences in the reporting period amounted to 367 million USD against 75 million USD profit for nine months of 2021. Sales revenues increased to 1.88 billion USD (by 13.9%, or 229 million USD) compared to 9 months of 2021. Export revenues increased by 32% to 1.11 billion USD. Adjusted EBITDA decreased by 45% year-on-year to 304 million USD.

The Milk Alliance is expanding its product portfolio. According to agroportal.ua, despite the state of war, the “Milk Alliance” group of companies, which is the leader of the dairy industry of Ukraine, is actively working to ensure competitiveness by diversification of its products. The company produces two new products under the “Yagotynske” trademark. According to the company, ultra-pasteurized cow’s milk with 1% fat and 2% fat in Tetra Fino packaging weighing 900 g will enter the market. “Both novelties are possible thanks to a special production technology and unique packaging, that will retain all useful elements and vitamins, and will not need to be refrigerated before opening,” the company concluded. Such products will improve the functioning of the HoReCa segment (hotels, restaurants, cafés).

KSG Agro increased its revenue from the sale of pigs by a third. Agroholding KSG Agro, one of the leaders of agricultural business in Ukraine and the largest producers of pork in Ukraine with about 24,000 hectares of land and 55,000 pigs, in 10 months of 2022 increased revenue from the sale of pigs by more than 34% compared to the same period in 2021. This was reported by the KSG Agro press service. In the first ten months of 2021, the revenue amounted to 291.55 million UAH, and in the same period of 2022 — 391 million UAH. This was made possible by the rejuvenation of the pig population and the high quality of pigs of Canadian Genesis genetics.

2. Financial Sector

The US president Joe Biden appealed to the US Congress for additional 37 billion USD for Ukraine, reports rbc.ua. The White House’s letter to Congress states that more than three-quarters of previously approved 40 billion USD financial support for Ukraine has already been spent or allocated for various purposes (primarily on military support). According to the White House proposal, the new 37.7 billion USD financial package would include 21.7 billion USD defence assistance, 14.5 billion USD for humanitarian assistance and support for the Ukrainian authorities (including financing of the budget deficit), 900 million USD to support

Ukrainians in the USA, and 626 million USD – for ensuring nuclear safety in Ukraine.

Financing of the State budget deficit by international partners made up 25.73 billion USD as of November 24, informs finclub.net. This figure makes up 71% of the declared support for the total amount of 37.5 billion USD. Grants in the amount of 10.49 billion USD account for 39.2% of the received funds. The rest is credit financing with long tenor and preferential terms. This amount comprises various facilities from various lenders (multilateral institutions and allied states) and not all details are disclosed.

The United States and the European Union provide the majority of financial support for Ukraine – 12.99 and 11.5 billion USD respectively. The United States allocated 8.49 billion USD, or 65% of the envisaged amount, all in the form of grants, the EU – 7.37 billion USD, or 64%, of which 626 million USD is in the form of grants. The other aid providers in the top five include the IMF, the EIB and Canada – with 2.71, 2.32, and 2.02 billion USD respectively. All funds from these partners are in the form of credits.

Since December 2020, banks have provided 16,662 loans for a total amount of 54.1 billion UAH under the State partial credit guarantee scheme, reports finclub.net. Most loans, covered by the partial credit guarantee mechanism, are in the following areas: agriculture – 7,071 loans for 33.62 billion UAH; wholesale and retail trade – 4,969 loans for a total of 8.04 billion UAH; and processing industry – 1,239 loans for 4.43 billion UAH.

The largest volumes of financing were provided to businesses in the following regions: Odesa – 1,084 loans for 3.71 billion UAH, Dnipropetrovsk – 1,347 loans for 3.25 billion UAH, Kirovohrad – 738 loans for 3.23 billion UAH, and Kyiv city – 798 loans for 3.1 billion UAH.

Most of the bank top managers view the state of the financial sector of Ukraine as satisfactory, informs finclub.net citing the results of the Survey on Systemic Risks of the Financial Sector for November 2022 conducted by the National Bank of Ukraine. Three quarters of top managers (75%) identified the current state of the financial sector as satisfactory – a notable increase from the level of 63% of the previous such survey in May. At the same time, the share of those who rated the situation as bad or very bad improved to 17% compared to the May results, when the situation was regarded as bad or very bad by 29% of respondents.

The share of respondents who negatively assessed past and future changes in the financial sector has significantly decreased. The share of financial institutions that declared the deterioration of the financial sector over the past six months decreased by 16% compared to May and made up 72%.

The share of respondents who expect the state of the financial sector to further deteriorate in the next six months decreased to 51% from 83% in May.

The assessment of the resilience of the financial sector to significant negative events improved compared to May. Almost half of the respondents, as before, rated it as average. On the other hand, the share of interviewees who considered the stability of the financial sector to be low or very low decreased from 26% in May to 19% now.

Macroeconomic factors — inflation and exchange rate stability — remained among the main sources of risk with 80% and 68% of high/very high estimations of the level of respective risks. Over the past six months, the level of the economic activity risk factor has slightly increased from 71% to 73%. The perception of risks of fraud and cyber threats also stay at a high level of 71% of bad and very bad estimations.

The share of non-performing loans (NPL) in the banking sector as of November 1 made up 35.5% compared to 33.6% on October 1.

3. Public Sector

A survey in the State Agrarian Register with the purpose of assessing the need in emergency power supply of production facilities of farmers. The Ministry of Agrarian Policy and Food of Ukraine has already turned to foreign partners and charitable organizations with a request to provide generator equipment to power the agricultural infrastructure. The survey will help establish the actual need of agricultural producers for emergency power generators.

The StateGeoCadastre begins accepting materials from topographical and geodetic and cartographic works from third parties, announced Denys Bashlyk, the Deputy Minister for Digital Development, Digital Transformations and Digitalization of the Ministry of Agriculture and Dmytro Makarenko, the Deputy Chairman on digitalization at the StateGeoCadastre during a press event. All materials will be accepted through the personal office of the State geoinformation system. The StateGeoCadastre will ensure the formation and management of the State Cartographic and Geodetic Fund of Ukraine in electronic form. The procedure for accepting cartographic materials will be greatly simplified, and in the future, it will allow quick and convenient access to the necessary cartographic materials for a certain territory for the performance of various government tasks (when planning any construction, engineering, topographical and geodetic works or solving tasks for restoration and defence). Ensuring accounting and access to such cartographic materials

will allow communities to avoid costs for duplicating the creation of such materials, reduce bureaucracy and the impact of the human factor. Thus, one more important step is made on the way to full digitization of the State cadastre.

Ukraine has withdrawn from the railway agreement with the countries of the Commonwealth of Independent States. CIS is a supranational entity made up of nine of the fifteen former republics of the Soviet Union. "This initiative seeks to eliminate any formal relations with the aggressor country (Russia) and its minions," Ukrainian Railways said in a statement. The pact used to facilitate the coordination of the signatories in organizing transit and developing common regulations to regulate the transport of passengers and cargo. It also envisaged exchange of information between partners. Ukrainian Railways noted that it has stopped all cooperation with Russia and Belarus within the framework of the agreement as early as February 24, 2022, from the first minutes of Russia's full-scale invasion. There has been no exchange of information between the railway administrations of Ukraine and Russia or Belarus since then. Note also, that at the end of February 2022, Ukrainian troops destroyed railway junctions connecting Ukrainian and Russian railways.

The Parliament adopted in the second reading the draft Law of Ukraine on geographical indications of alcoholic beverages (#6480), which implements the EU regulations on geographical indications and production of spirit drinks in national legislation. According to the document, Ukrainian spirit drinks with geographical indications have a substantial potential on the European market, however their distribution and legal protection in the EU would be possible only after successful state registration in Ukraine. There is no such procedure for now, as Ukrainian laws do not contain the notion of legal protection of geographical indications for spirit drinks. Hence, the bill formalizes the notion of "spirit drinks," establishes a unified classification list of spirit drink categories and related requirements, sets requirements for ethyl alcohol and distillates used for the production of spirit drinks, and ensures compliance with the rules for the definition, description, presentation and labelling of spirit drinks, including those with geographical indications, as well as compliance with the requirements for official names of spirit drinks.

"The implementation of this law will have a positive effect on the market and the nation by the provision of Ukraine's compliance with the Association Agreement through harmonization of national and EU laws in the field of legal protection of geographical indications, and on consumers by the provision of transparency and fair competition on the market of spirit drinks and the provision of information about spirit drinks," the explanatory note

to the document said. The adopted Law provides for amendments to several laws of Ukraine, in particular “On grapes and grape wine”.

The Government has made changes to the Procedure for issuing permits for the special use of aquatic biological resources and adjusted the corresponding fees. This is stated in the resolution of the Cabinet of Ministers of Ukraine #1331. The changes provide for the establishment of fees for the special use of certain types of aquatic biological resources (Antarctic and Patagonian toothfish, Antarctic krill) during their special use outside the jurisdiction of Ukraine. As a result, the Government expects a new source of funds to local budgets, because before industrial fishermen, who fished outside the jurisdiction of Ukraine, did not pay any funds to the budget of Ukraine for the special use of these types of aquatic biological resources, the Ministry of Agrarian Policy of Ukraine commented on the innovation. For reference: In 2021, 22,187 tons of Antarctic krill and 981 tons of toothfish were harvested by vessels under the state flag of Ukraine.

The Parliament supported the Draft Law #4187 in the second reading “Regarding the improvement of legislation in the field of subsoil use”, which launches the reform of subsoil use in Ukraine. The goal is to create a transparent, convenient, and understandable subsoil use system, reduce excessive state influence on the industry, increase competition and legalize relations in this sector. In turn, it commands increased transparency of state control and publicity of information about subsoil users.

The key innovations of the Law are the liberalization of the circulation of special permits and the introduction of end-to-end licenses for exploration and production. In particular, the concept of “small subsoil use” is introduced, which provides for the possibility to obtain a special permit for the development of minerals of local importance without an auction for the owners of respective land plots with an area of up to 25 hectares. The draft law 4187 will enter into force three months after it is signed by the president and made public.

The Ministry of Agricultural Policy has taken the first step towards issuing veterinary prescriptions electronically. The Ministerial Order #752 approved the forms and rules for issuing veterinary prescriptions. The adoption of this order will contribute to the strengthening of control over the circulation and use of veterinary medicinal products, will ensure the harmonization of the veterinary legislation of Ukraine with the requirements of the law of the European Union, and will allow to minimize possible cases of low-quality treatment and/or prevention of animal diseases. In addition, the introduction of an electronic veterinary prescription, which is created,

stored, and transmitted using the information and communication system of the competent authority, will allow for a minimization of errors when medicines are prescribed and will contribute to the improvement of veterinary services to the population.

4. International Support

The European Investment Bank and the city of Kyiv to work on restoring and modernising transport infrastructure in Kyiv. The press service of the EIB announced that the EIB and the city of Kyiv signed a memorandum of understanding during the Kyiv Investment Forum 2022 in Brussels on restoring and modernising the city's transport infrastructure. The partnership recognises an urgent need to invest over 450 million EUR to help Kyiv modernise its metro rolling stock.

In addition, Kyiv and EIB Global, the EIB Group's development branch, will begin preparing a number of other projects of vital importance for the city's sustainable urban development, such as the extension of the Kyiv Metro at an estimated cost of over 500 million EUR, and the reconstruction of social housing affected by Russian bombings.

Since the beginning of the Russian invasion of Ukraine, the EIB Group has disbursed over 1.7 billion EUR of EU financing to the government of Ukraine.

The EIB sends 500 million EUR To Ukraine. EIB disbursed 500 million EUR to Ukraine as part of its Solidarity Urgent Response package, according to the bank's website. The funds are part of a 1.59 billion EUR package to support Ukraine, which is backed by guarantees from the EU budget. The funds are aimed at helping the Ukrainian government cover priority short-term financing needs and ensure urgent repairs of damaged roads, bridges, and railway infrastructure, the statement said.

The EU allocates 533 million EUR for interregional programs for Ukraine and Moldova. The European Commission reports that it has approved four new "Interreg Europe" programmes. Interreg Europe is an interregional cooperation programme, co-funded by the EU, which strives to reduce disparities in the levels of development, growth, and quality of life in and across Europe's regions. The programme runs from 2021 to 2027 and shares solutions to regional development issues in areas such as health, environment, research, education, transport, and sustainable energy.

The four new Interreg programmes involve 10 Member States, Ukraine and Moldova for an amount of 533 million EUR of EU funding to foster cross-border and transnational cooperation, boost the green transition, and

support healthcare and education. These programmes will benefit from reinforced funding in light of the Commission's decision in March to suspend cooperation with Russia and Belarus following the invasion of Ukraine by Russia and to transfer 26.2 million EUR, initially allocated to these two countries, to strengthen the cooperation with Ukraine and Moldova.

Cooperation takes place in the areas of economic and social development, environmental protection, public health services, safety and security measures, connectivity, as well as support to small and medium-sized businesses and entrepreneurship.

The Council of Europe bank gets capital hike to help with Ukraine crisis, reports Reuters. The Council of Europe Development Bank will increase capital to help Ukraine. The governments of the Council of Europe Development Bank's (CEB) shareholders have agreed to increase its capital by 4.25 billion EUR, including 1.2 billion EUR of new paid-up capital, as it boosts lending to help members cope with the Ukraine crisis. The capital increase became necessary to support lending in the coming years and anticipation of new projects in Ukraine after completing the procedure for its accession to the EU.

The EU supports the Grain from Ukraine Initiative and considers Solidarity Lanes a great success, according to a European Commission's press release. The "Grain from Ukraine" Initiative has the full support of the EU, according to Ursula von der Leyen. She also stated that the EU considers the Solidarity Lanes initiative, established by the Commission and bordering Member States, a major success. Since May, the initiative enabled the export of more than 17 million tonnes of Ukrainian grain and food products and is the only option for the export of all other, non-agricultural Ukrainian goods, to the rest of the world. The Solidarity Lanes have become a lifeline for Ukraine's economy, bringing more than 19 billion EUR of much-needed income to Ukrainian farmers and businesses. The European Commission, together with Financial Institutions such as the EIB, the EBRD, and the World Bank, have now mobilised 1 billion EUR of additional funding to boost the capacity of these Solidarity Lanes, said Ms. von der Leyen.

18 billion EUR of EU support for Ukraine approved by European Parliament. As reported earlier, the EU is in the process of approving 18 billion EUR funding to Ukraine in 2023. Now, the European Parliament approved an 18 billion EUR loan for Ukraine for 2023, according to the Parliament's website. The loan has to be approved by unanimity by the

European Council on December 6 before the Commission can tap the markets and disburse the support in early 2023.

A new EU-IFC Grant Program to Help Restore Homes Damaged by War. A new agreement between the International Finance Corporation and Ukraine's Energy Efficiency Fund will channel up to 25 million EUR in EU funds to help homeowners' associations restore war-damaged residential buildings, according to IFC's website.

IFC will support the Energy Efficiency Fund's Restoration Program by channelling the EU grants to homeowners' associations across Ukraine, covering the costs of restoring multifamily buildings that did not suffer structural damage. The program will cover the replacement of windows, doors, roofs, and walls, among other elements. IFC will also help the Fund with a pipeline of reconstruction projects as well as support beneficiaries with the application process.

A 5 million EUR pilot phase is being rolled out in Kyiv, Zhytomyr, Sumy, and Chernihiv, larger cities in northern and central Ukraine that have come under increased attacks over the last two months.

EBRD guarantees 50 million EUR to support lending to critical industries in Ukraine. This is reported in the bank's press release. Four unfunded risk-sharing facilities will back up to 50 per cent of the credit risk of 200 million EUR in newly originated financing which is being provided by OTP Leasing (80 million EUR), Credit Agricole (50 million EUR), ProCredit Bank (40 million EUR) and OTP Bank (30 million EUR), subject to a portfolio cap of 50 per cent, according to the EBRD's website. The guarantees follow similar facilities signed in May 2022 and bring the total volume of enabled financing to 253 million EUR since the start of the war.

The EBRD's risk share will be supported by a 50 per cent donor funded First Loss Risk Cover as part of the Bank's resilience package arrangements. The EBRD's risk-sharing instruments will help these local financiers lend to Ukrainian private companies operating in critical industries such as primary agriculture and agricultural services, food processing, transport and logistics, retail, and pharmaceuticals.

The support is part of over 1 billion EUR worth of EBRD activity in Ukraine this year, with donors and partners.

EBRD and the Netherlands lend 372 million EUR to Ukraine's Ukrenergo, according to the EBRD's press-release. The EBRD-led package will support Ukraine's electricity transmission company with repairs and stabilisation of power transmission, according to the bank's website. The USA will guarantee half of the 300 million EUR EBRD loan while the

Netherlands are to make a 72 million EUR grant. The financing is part of 3 billion EUR allocated by EBRD to Ukraine in 2022-23.

EBRD and Norway provide 2 billion NOK in grants to Ukraine's Naftogaz. Norway provides 2 billion NOK (195 million EUR) in grants to top up a 300 million EUR EBRD loan to Ukraine's state-owned gas company, according to the bank's website. The funding will buy critical gas to secure heating and electricity for households and businesses.

IMF and Ukraine reach economic policy monitoring arrangement. The IMF announced that it has reached a staff-level agreement with Ukraine for a policy program monitoring arrangement that aims to pave the way towards a new, full-fledged IMF loan program for Kyiv. The IMF said the Program Monitoring with Board Involvement (PMB) arrangement "will help provide an anchor for macroeconomic policies and catalyse donor support."

The IMF in early October approved 1.3 billion EUR in emergency financing under a new facility to address food shortages and price spikes caused by the war in Ukraine.

The UN requests 5.7 billion USD in relief funds for Ukraine in 2023, writes Ukrinform. Some 13.6 million Ukrainians affected by war have already received UN assistance this year, while a total of 5.7 billion USD has been requested for Ukraine for the next year, the UN reported.

Grain from Ukraine: the US to provide up to 20 million USD for the purchase of Ukrainian food to fight hunger in Africa and Asia, informs a Cabinet of Ministers of Ukraine press-release. The purchase of Ukrainian agricultural products will be carried out under the Grain from Ukraine Program initiated by the President of Ukraine Volodymyr Zelenskyy and presented at the G20 Summit. It is implemented in partnership with the UN World Food Programme (WFP). The purchased grain will be shipped through the "grain corridor". According to the Minister of Infrastructure of Ukraine Oleksandr Kubrakov, the US became the first country to officially allocate funds for the purchase of Ukrainian grain under the Grain from Ukraine Program.

The humanitarian program #GrainFromUkraine provides for direct purchases of Ukrainian export grain by the Program participants and its transfer to poorer countries in Africa and Asia. The Grain from Ukraine initiative already has more than 30 participating countries, more than 180 million USD have already been accumulated.

Canada has allocated 10 million CAD for generators, and Azerbaijan and Germany will strengthen their support for the Ukrainian energy sector, informs ubn.news. Canada provided 10 million CAD (7 million EUR)

for Ukraine to purchase generators for critical infrastructure needs. These funds will be transferred to the International Organization for Migration. According to the Minister of Energy of Ukraine, Herman Galushchenko, representatives of German energy companies emphasized that they will contribute their maximum efforts to strengthen and quicken assistance for the Ukrainian energy sector. Galushchenko also held a telephone conversation with Azerbaijan's Energy Minister Parviz Shahbazov. The parties agreed to cooperate on the supply of electrical equipment. It also has been reported that Germany will provide 9 million USD to purchase generators for the Ukrainian agricultural sector by the end of this year.

Canada has launched Ukraine Sovereignty Bond, reports the Ministry of Finance of Ukraine. The Government of Canada launched a five-year Ukraine Sovereignty Bond in the amount of 500 million CAD (349 million EUR) to support Ukraine this difficult winter. The funds will be used for priority budgetary needs of Ukraine, including the financing of social expenditures and the recovery of critical infrastructure. After the bond issuance is concluded, 500 million CAD will be directed to Ukraine through the account of the International Monetary Fund.

Flashpoint is raising 75 million USD for IT investment in Ukraine, according to the Open 4 business portal. Flashpoint, an international technology investment firm that manages six funds with a total value of more than 450 million USD, intends to raise a new Ukrainian Tech Fund totalling about 75 million USD, focused only on Ukraine, said managing partner Ihor Bilous.

US provides 4.5 billion USD to the government of Ukraine, reports USAID. The US, through USAID and in coordination with the U.S. Department of Treasury and the Department of State, is providing an additional 4.5 billion USD in direct budgetary support to the Government of Ukraine through the World Bank, according to USAID. The Government of Ukraine will receive the funding in two tranches before the end of 2022.

FAO and the Ministry of Agriculture of Ukraine launch registration for machinery for loading and unloading grain sleeves, according to Reliefweb. As reported earlier, the FAO jointly with the Ministry of Agriculture of Ukraine is implementing a programme to provide farmers with temporary grain storage solutions (grain sleeves). In continuation of this programme, FAO and the Ministry are launching the registration process for 105 sets of specialized equipment for the loading and unloading of grain sleeves. Each set consists of one loader, one unloader, and one bunker.

The first stage will last until December 11 and is accessible through the following programme in the State Agrarian Registry (SAR): "Receiving equipment from FAO for loading sleeves for grain storage."