



# INVESTMENT PROFILE

Luhansk Region

2018



The Investment Profile of Luhansk region has been developed on request of the Department of Foreign Affairs, Foreign Economic and Investment Activity of Luhansk Regional State Administration – Regional Military-Civil Administration.

The document is aimed to familiarise the domestic and international community and investors with the economic and social capacities of Luhansk region, its investment attractiveness as well as promote investment advantages of the region.

The Investment Profile is expected to become an effective tool to increase the inflow of foreign financial resources in order to satisfy regional needs in development, stimulate the international, interregional and foreign economic activities of the region, and establish business contacts with potential investors and trading partners.

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## Dear Partners!

The time of crisis is simultaneously a period of opportunities. Despite the international armed conflict, with Luhansk region being located in its epicentre for the fifth consecutive year, we have a huge development potential.

It is based primarily on the people: highly skilled specialists of varied branches, who are motivated, patriotic, courageous and open.

We have good cultural and spiritual traditions, a glorious history and a rich natural resource potential.

By 2014 Luhansk region had been one of the five most powerful industrial regions of Ukraine. Unfortunately, due to the partial annexation by the Russian Federation of Luhansk region, the traditional industrial relations have been broken down, and the regional investment climate has considerably deteriorated. However, powerful enterprises are continuing to manufacture competitive products in the Ukrainian government-controlled area.

The regional authorities are putting significant efforts to support businesses: there are a programme for small and medium-sized enterprises, an ongoing dialogue with the management of large industrial enterprises, new approaches being applied to investment and image policies by the Regional State Administration, and the established Agricultural Producers' Association of Luhansk region.

The priority investment directions for Luhansk region are to develop the agro-industrial complex, set up logistics centres and industrial parks, implement projects in the field of environmentally sound and energy-efficient technologies, roll out alternative and renewable power generation as well as develop mining, chemical, pharmaceutical and machine-building industries.

We are determined to facilitate the creation of a sustainable and friendly environment for business and innovation development.

We invite potential investors to an open dialogue and mutually beneficial cooperation. Luhansk region is a reliable and promising region for business development.

Welcome!

Luhansk Regional State Administration –  
Regional Military-Civil Administration

# TOP-10



1

Available feedstocks of minerals  
(deposits of gas, construction materials, etc.)



2

Available free land plots and industrial areas



3

Available chemical research and production cluster  
(Severodonetsk, Lysychansk and Rubizhne cities  
concentrate industrial enterprises manufacturing  
chemicals and chemical products, oil refining products,  
and research organisations and institutions)



4

Available technical secondary and higher educational  
establishments focusing on technical and umanitarian  
fields of study



5

High concentration of specialists and experts

# COMPETITIVE ADVANTAGES OF LUHANSK REGION

Low competition across the manufacturing sector  
compared to other industrialised regions

6



1 462.6 thousand hectares of agricultural land,  
inclusive of 68.2% arable land

7



Lower wages than the average in Ukraine

8



Available strategic documents on regional  
development ("The Luhansk Region Development  
Strategy for the Period until 2020")

9



A significant number of international missions  
being active in the region

10

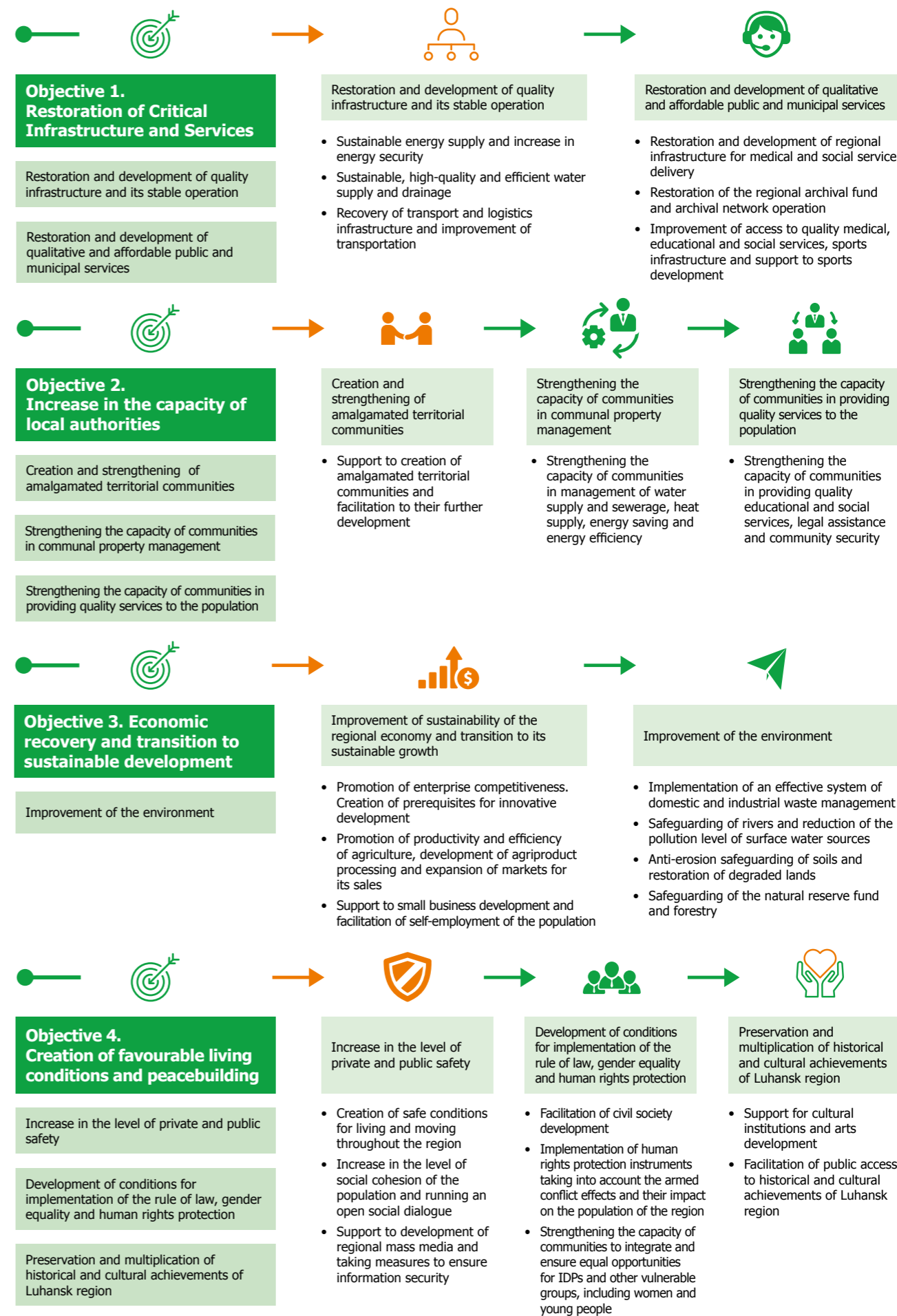


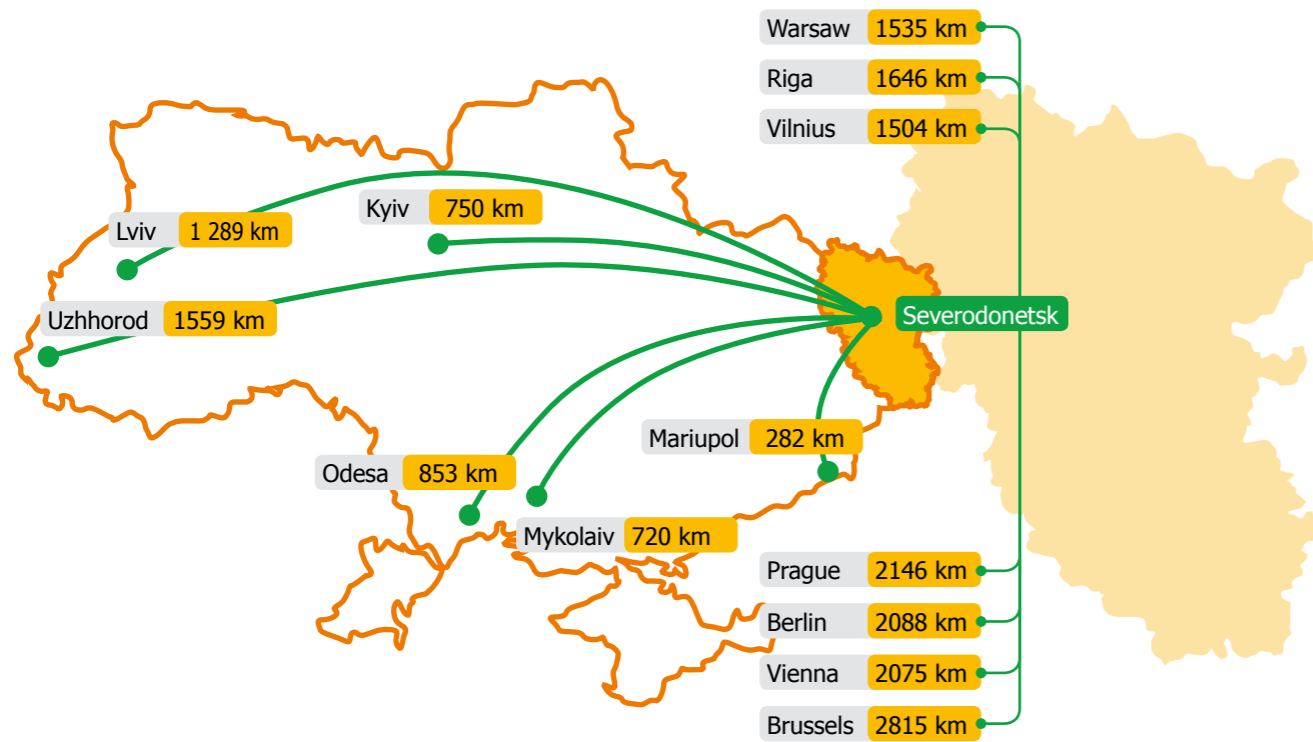
07	The Luhansk Region Development Strategy for the Period until 2020	
08	Natural and Geographic Data	
09	Resource Potential	
10	Territorial Structure	
12	Industry	
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Link to the Development Strategy for the Period until 2020





6<sup>th</sup> rank by population

10<sup>th</sup> rank by area

Area	26.7 ths km <sup>2</sup>
Controlled by the Ukrainian authorities	18.3 ths km <sup>2</sup>
Climate	temperate continental
Amount of precipitation	459–505 mm per year
Average air temperature	winter: -3.9 C°, summer: +22.3 C°
Altitude	56–178 m
Relief	rough plain
From west to east (maximum)	170 km
From north to south (maximum)	275 km

**ADVANTAGES:**

- resource potential
- proximity to other industrial centers will allow development of the industry, service sector and agroindustrial complex



Link to the annual "Mineral Resources of Ukraine" for 2017



Link to the interactive map of minerals



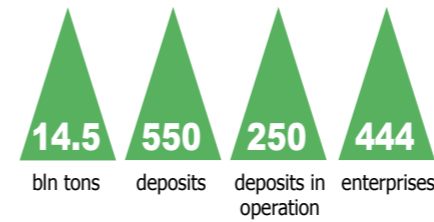
Link to data on the State Register of Mineral Reserves



Link to Ukraine Geoinform's special permits for extraction

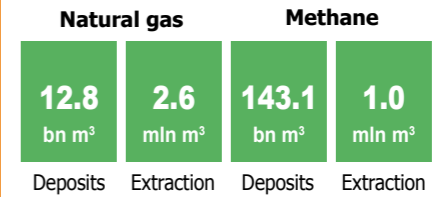
Minerals / Energy / Logistics / Transport / Agroindustrial Complex and Light Industry

High-quality coal deposits are 1/3 of the total explored deposits in Ukraine



COAL

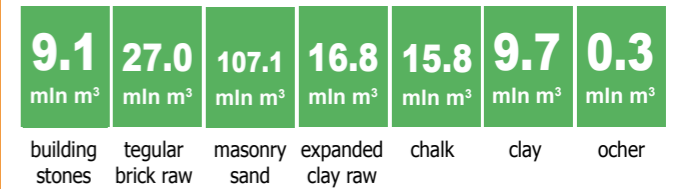
FOSSIL FUELS



9 natural gas fields have been explored and are operational, 2 underground gas storage facilities are in operation, and exploration is underway throughout 8 areas and zones

BUILDING MATERIALS

in-place reserves



123 well-developed deposits of nonmetallic feeds

Setting up an own phosphate raw materials pool is in progress. Following the exploration throughout the region, a number of promising areas have been identified with total projected resources of

PHOSPHATES

**1 166 mln tons** of phosphates

There are operational



NATURAL GAS

Exploration works for

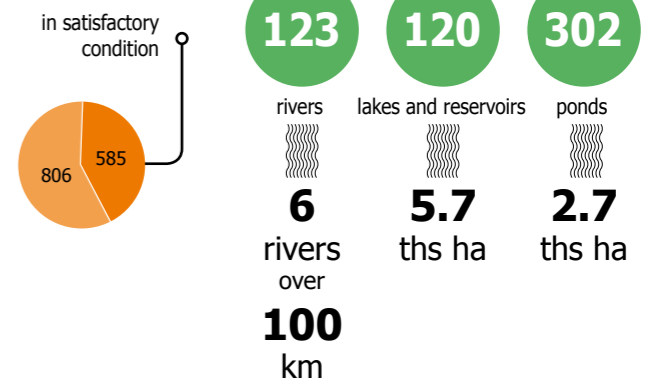


1 391 objects = 7.2 ths ha



**Siverskyi Donets** length is **265 km** catchment basin is **24.9 km<sup>2</sup>**

WATER RESOURCES



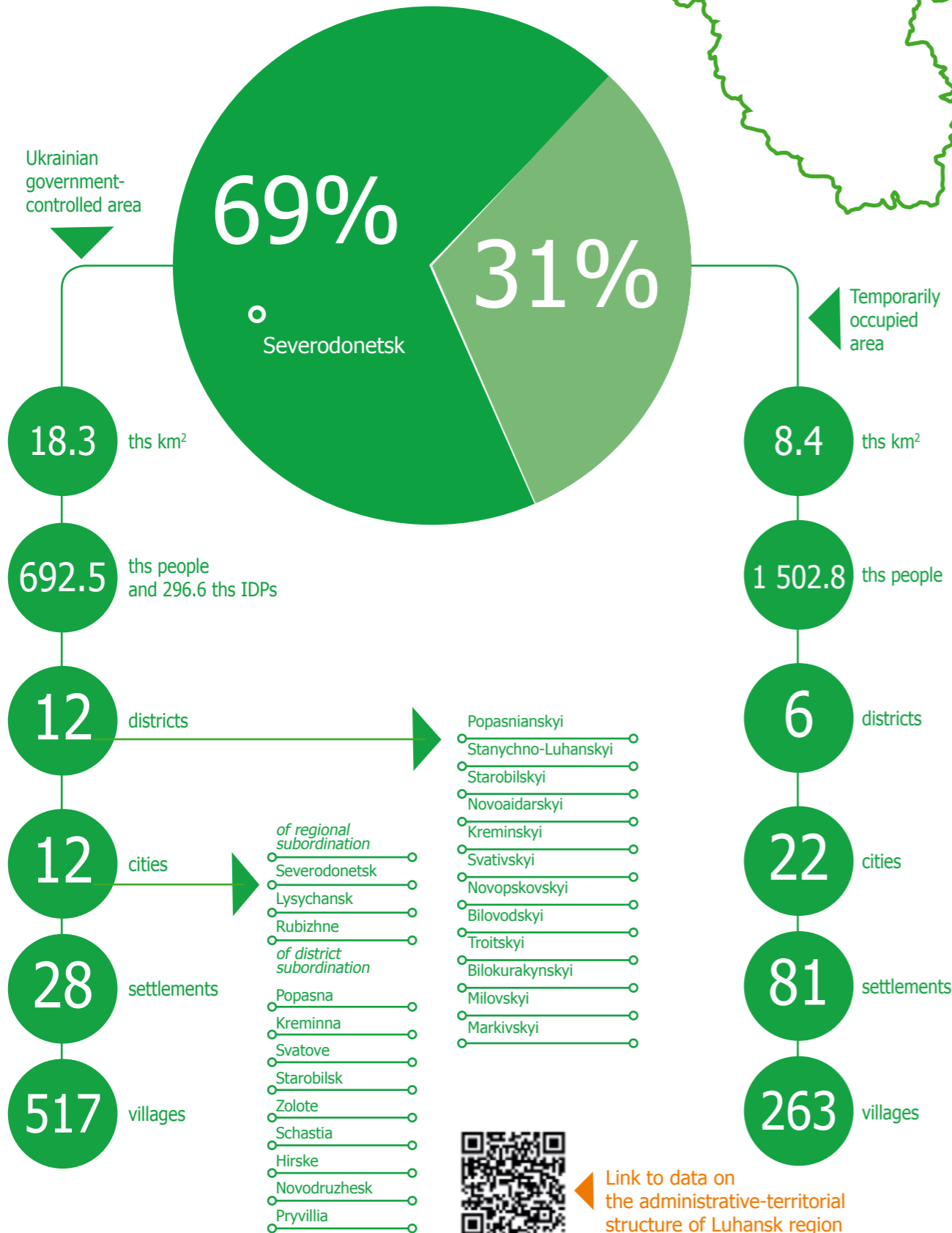
NATURE RESERVE FUND

138 objects = 76.5 ths ha



For the last decade, a number of natural reserve fund objects and territories have grown by **40%** and their area almost **5 times**.

26.7 ths km<sup>2</sup>



**NATIONAL PROJECT DECENTRALISATION**

On January 31, 2018, the Cabinet of Ministers of Ukraine adopted the Resolution No. 60-p "The Policies of Transfer of State-Owned Land Lots of Agricultural Designation into the Communal Property of Amalgamated Territorial Communities." The Resolution entrusts the StateGeoCadastre to start on 01.02.2018 transferring of all state-owned agricultural land lots of agricultural designation into the communal property of respective amalgamated territorial communities, with the exception of those land lots that cannot be transferred to communal property. Since 01.02.2018, the StateGeoCadastre has started the transfer of land lots to amalgamated territorial communities.

At the end of 2017, with UNDP support, the financial capacities of individual operational and projected amalgamated territorial communities of Luhansk region were analysed.

The analysis findings are reflected in the financial profiles of such communities. The calculations prove that the financial and operational capacities of the amalgamated territorial communities to manage their own development processes have been substantially improved.

At the same time, some amalgamated territorial communities have faced challenges in potential resource management due to the increased burden on the staff of local self-government bodies and being required to work under new circumstances.

The socio-economic development challenges of the communities can be resolved as long as transparent budgeting is implemented, additional funding from various sources is attracted and all available resources are efficiently used.

An important factor is also cooperation with public bodies, investors and international organisations.

The established amalgamated territorial communities are gaining wider powers in the public sector field, additional resources and responsibilities that significantly increases their financial self-sufficiency, capability and provides with an opportunity to solve a number of social and infrastructural challenges.

**Decision-making bodies:**

Luhansk Regional Military and Civil Administration Popasnianska District Military and Civil Administration District State Administrations (in other districts of the region) Local self-government bodies (city, village, town councils and ATC councils)



Link to the Ukraine's decentralisation website

Name of district / ATC	Population, ths	Area, km <sup>2</sup>
• Hirska ATC (being established)	17.9	35
• Chmyrivska ATC	6.8	206
• Novoaidarska ATC (being established)	17.0	640
• Schastynska ATC (being established)	19.6	240
• Krasnorichenska ATC	6.9	245
• Nyzhniouduvanska ATC	3.1	227
• Novopkovska ATC	12.3	178
• Bilovodska ATC	23.0	1 597
• Troitska ATC	14.3	952
• Pryvilska ATC	1.4	222
• Bilokurakynska ATC	13.7	789
• Lozno-Oleksandrivska ATC	2.7	255

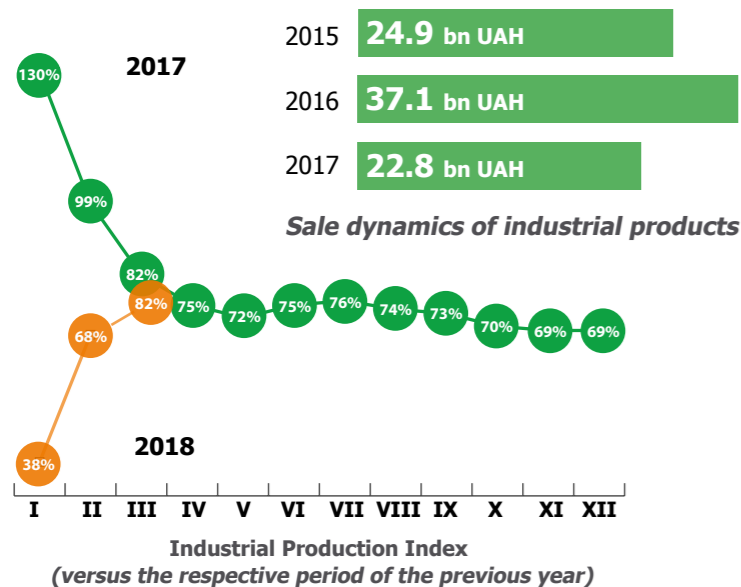
Year	Number of ATCs	Number of councils included in ATC
2015	2	10
2016	1	3
2017	5	33
2018	1 (+3)	18
Total (actuals)	9 (+3)	64
Total (projected)	25	332



Amalgamated Territorial Communities are new decision-making hubs with broad fiscal responsibilities, the ability to dispose of land resources and access to transfers from budgets of higher tier, resources to develop infrastructure and social sphere, as well as administrative powers.



Link to the interactive map of the regional administrative-territorial structure



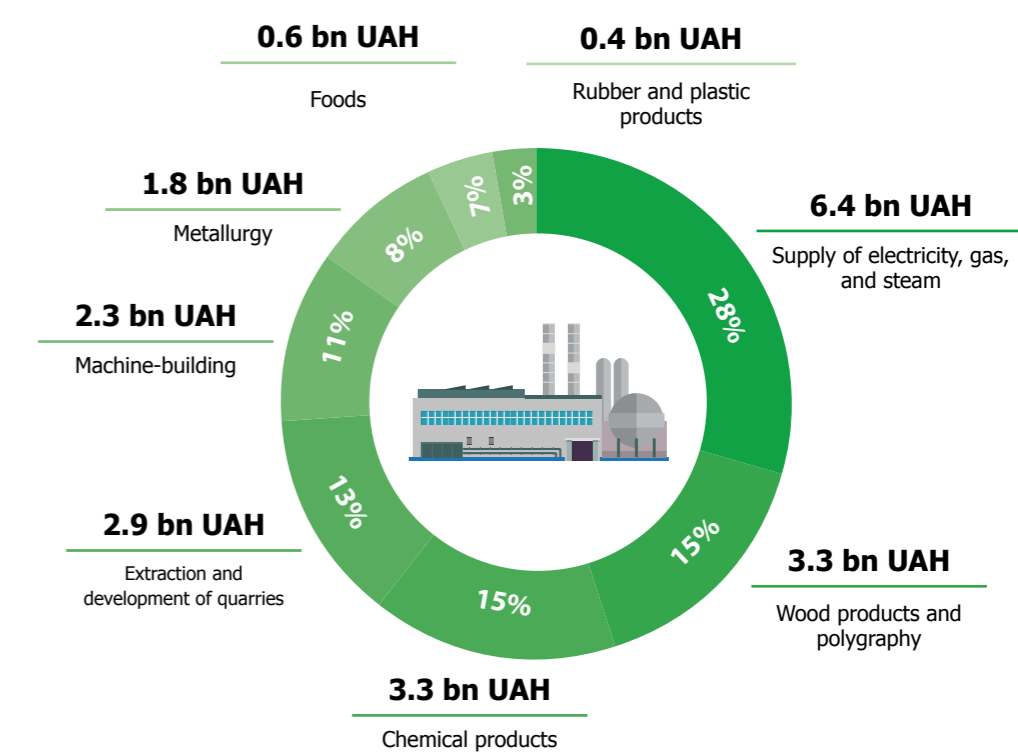
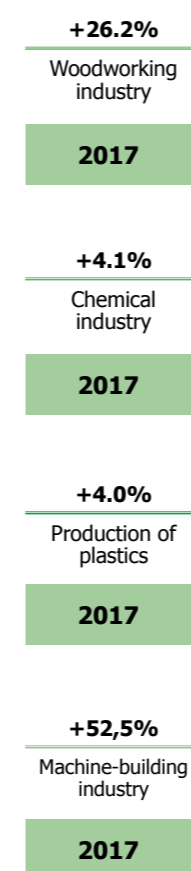
In 2017, there was a reduction of 14.3 billion USD or 38.5% of industrial product turnover.

The negative dynamics is due to the conservation of gas deposits located in the non-controlled area and reduction of coal extraction.

Specific types of industrial products being manufactured	unit of measurement	2015	2016	2017
Electricity	bn kWh	3.1	3.8	2.8
Devices for monitoring other physical characteristics	mpcs	0.4	0.4	0.5
Large reservoirs, tanks and containers made of ferrous metals or aluminum	ths tons	0.1	0.1	0.1
Other constructions and parts thereof, plates, rods, scrids, shapes and similar products made of ferrous metals or aluminum	ths tons	2.1	1.8	0.7
Steel without semi-finished products, obtained by continuous casting	ths tons	145	112	7.8
Blocks and brick made of cement, concrete or artificial stone for construction	ths tons	7.1	TBC	3.0
Concrete solutions	ths tons	9.1	28.2	TBC
Paints and varnishes based on polymers, acrylic and vinyl polymers, in non-aqueous media; solutions	ths tons	0.3	0.2	0.2
Lumber; sleepers made of wood for railway or tram rails	ths m <sup>3</sup>	32.4	17.2	11.4
Noodles and similar flour products	ths tons	0.1	0.0	0.1
Bread and bakery products, of short-term storage	ths tons	11.7	11.0	9.4
Groats	ths tons	TBC	TBC	0.1
Flour	ths tons	54.1	36.7	31.7
Yogurt and other fermented or sour milk and cream	ths tons	0.4	0.5	0.4
Fresh unfermented cheese	ths tons	0.1	0.1	0.1
Butter	ths tons	0.9	1.1	0.8
Processed liquid milk	ths tons	2.8	3.3	2.2
Unrefined sunflower oil and its fractions (other than those chemically modified)	ths tons	91.5	85.5	83.8
Fresh or chilled pork	ths tons	0.3	0.3	0.3
Fresh or chilled cattle meat	ths tons	0.5	0.4	0.3
Fossil coal	mIn tons	4.1	5.3	0.8

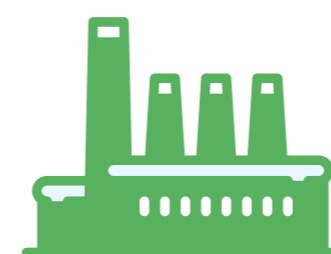
Chemical and light industry, power generation, mechanical engineering and metallurgy, as well as branches serving them are well-developed in Luhansk region. The food industry and construction materials production have considerable potential. Most industrial enterprises have specialised comprehensive infrastructure

Restoration of the territorial integrity of the country can be a significant spur for growth of the industrial capacity of the region



2017 Sales Structure of Industrial Products

Before the military conflict, the region had been among the 5 most powerful industrial and economic regions of Ukraine, and its economy had been oriented towards the Russian Federation and the domestic demand of other industries. Luhansk region has preserved its industrial capacity, in spite of some industrial facilities being located at the temporarily occupied territory. In the Ukrainian government-controlled area of Luhansk region, there are operational 489 industrial enterprises, comprising 48% of the total number of industrial enterprises before the hostilities. The main industrial enterprises are concentrated in the cities of Severodonetsk, Rubizhne, Lysychansk and Kreminna, constituting about half of the industrial production of the whole region. The industrial products are predominantly sold on the domestic market.



489

industrial enterprises

9 large  
99 medium  
381 small

69%

2017 Industrial Production Index

41.7 ths people

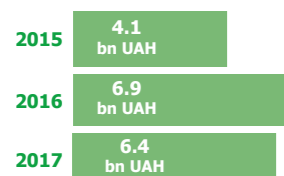
Total number of employees in the industry

5 755 UAH

Average monthly salary of a full-time employee



### SUPPLY OF ELECTRICITY, GAS, STEAM AND CONDITIONED AIR



Sales of electricity, gas, steam and conditioned air

Electricity, mln kWh	2016	2017
Produced	3 442.2	2 860.6
Received from State-owned Enterprise «Energorynok»	1 533.3	1 690.1



**PJSC «LUGANSKGAS»** purchases and supplies gas to the population, public sector institutions, industrial consumers, non-governmental organisations, operates regional gas distribution networks, and carries out works on the regional gas distribution network development.  
Severodonetsk  
87 Haharina str.  
<https://lg.104.ua/ua/>



**DTEK Luhanska Thermal Power Plant** is part of the DTEK Holding and produces electric and heat energy. It owns 7 power units with a capacity of 585 MW. The main designed fuel is A-graded coal, and substitute one is gas and heating oil.  
Shchastia  
<https://energo.dtek.com>



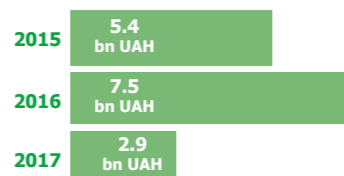
**Limited Liability Company «Lugansk Energy Association»** supplies electricity to consumers. The structure of the company in the controlled area includes high-voltage networks, substations and overhead power lines with a total length of 15.8 thousand km.  
Starobilsk  
123 Horkoho str.  
[www.en.lg.ua](http://www.en.lg.ua)



**State Enterprise «Severodonetsk Combined Heat and Power Plant»** is one of the largest thermal power plants in Ukraine. It is intended for heat and power supply of Severodonetsk city and Severodonetsk Corporation "Azot".  
Severodonetsk  
<http://sdtec.lg.ua/>



### RAW MATERIALS INDUSTRY



Sales of extracted raw materials

Coal, ths tons	2016	2017
Produced	432.2	394.6
Sold	320.2	244.1

In the controlled area, there are operational mines extracting G-, D- and DG-graded coal.

The key challenges to development of coal extraction are risks of some of the existing mines to be flooded resulting from the flow of mine water from those located in the non-controlled area.

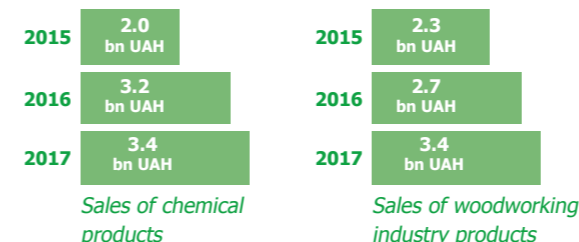
As of 01.01.2018, there was 15.7 thousand tons of rough coal at warehouses of the coal-mining enterprises.

**Public Joint Stock Company «Lisichanskygol»** is a state-owned enterprise specialised in mining of "D"- and "DG"-graded coal, sale of "DHSS 0-13"-labelled concentrate, wholesale trade in solid, liquid, gaseous fuels and similar products, and provision of services in the field of road freight transportation. There are 4 operational mines in the controlled area.  
Lysychansk  
1 Malynovskoho str.  
<http://lisugol.com/>

**State Enterprise «Pervomaiskugol»** produces energy and coking coal. There are 4 operational mines in the controlled area.  
Hirske  
21 Kuibysheva str.



### CHEMICAL AND WOODWORKING INDUSTRY



Sales of chemical products

Sales of woodworking industry products

Almost all production of chemicals and chemical products is concentrated in the controlled area.



**Private JSC Severodonetsk Azot Association** is the third-largest producer of ammonia in Ukraine and one of the largest Europe's chemical enterprise on the production of nitrogen fertilizers, methanol, acetic acid, vinyl acetate and its derivatives, acetylene, formalin, catalysts, household chemicals and other chemical products.  
Severodonetsk  
5 Pyvovarova str.  
<http://www.azot.lg.ua>



**LLC «Rubizhne Pipe Plant»** is one of the largest Ukraine's enterprises on the production of polyethylene pipes for gas and water supply systems and sewage. The capacities of the enterprise allow making more than 22 thousand tons of pipes per year.  
Rubizhne  
1 Trudova str.  
<http://www.rtz.com.ua>



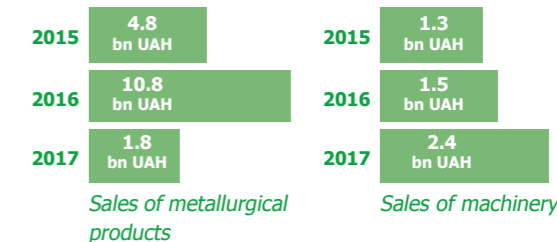
**Research and Production Enterprise «Zarya» Ltd** The enterprise produces explosives, organic synthesis products, resins, chemical plant protection products, polymer products, and so on. It is the only Ukraine's enterprise, which is able to produce a similar range of goods within a single production.  
Rubizhne  
1-H/36 Zavodska str.  
<http://www.zaryachem.com>



**PJSC Rubezhnoye Cardboard and Packaging Mill** produces and sells high-quality boxing and packaging made of corrugated cardboard, including for exports.  
Rubizhne  
67 Mendelieieva str.  
<http://www.rktk.com.ua>



### MACHINERY-PRODUCING INDUSTRY AND METALLURGY



Sales of metallurgical products

Sales of machinery products



**Superadded Liability Company «Popasna Railway Car Repair Plant»** is a high-tech enterprise for the production and repair of freight stock. The capacity of the plant enables it to produce 200 new open railroad freight of the model 12-9745. The development strategy provides for a new line with a capacity of 500 cars per month to be launched.  
Popasna  
1 Zaliznychna str.  
<http://www.pvrz.org.ua>



**Private Joint-Stock Company «Severodonetsk Research and Production Association «Impulse»** designs, manufactures, supplies, maintains and supports operation control and management systems for atomic energy facilities, railway transport and others industries.  
Severodonetsk  
2 Peremohy sq.  
<http://www.imp.lg.ua>



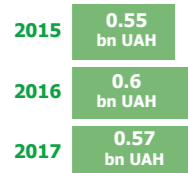
**Limited Liability Company «Scientific-Production Enterprise «Mikroterm»** develops design documentation and produces control devices for technological processes: for measuring of temperature, pressure and level as well as pneumatic-electrical and electro pneumatic devices, intrinsic safety barriers, digital indicators, recorders, etc.  
Severodonetsk  
1-a Vilesova str.  
<http://www.mikroterm.lg.ua>



**LLC «Severodonetsk Plant of Chemical Unstandardized Equipment»** is one of the leaders in the production of non-standardised equipment for chemical, oil and gas, metallurgical and other industries. The plant produces tanks for propane-butane, ammonia, liquid carbon dioxide, shell and tube heat exchangers, coolers, separators, column equipment, retorts, gas cleaning units and metal constructions for various purposes  
Severodonetsk  
5 - 6/1 Pyvovarova str.  
<http://severhimmash.com>



**FOOD INDUSTRY**



Sales of food products

Leading enterprises		Utilised capacity
Bakery	50	50%
Dairy	4	30%
Meat processing	10	--
Fat-and-oil	5	67%
Beverage production	4	--



Private Agricultural Enterprise «Farm Firm Pryvillia»  
Private Enterprise «Liubyi»  
LLC «Bekom»



LLC «Svatove Oil»  
Agro Capital Group LTD  
LLC «Slobozhanskyi Food Products Factory»  
LLC «Starobilskyi Food Products Factory»  
LLC «Troitskyi Oil Mill Plant»



Private JSC «Bilovodskyi Butter-Making Factory»  
Private Enterprise «Prodgurpservice»  
Public JSC «Starobilskyi Dairy Factory»  
LLC «Markivskyi Cheese-Making Factory»



Private Enterprise «Sunrise»  
LLC «Aidar Plus»  
LLC «Lispi – Lysychansk Brewery»  
LLC «Pinta – Kreminna Brewery»



The food industry holds pride of place in addressing the food security in the region. The regional enterprises provide the population with almost all types of food and beverages.

In the controlled area, there is production of almost all types of food, except for sugar, alcohol, distilled beverages, canned food, fish and baby food products.

The food production of Luhansk region is represented by 38 large and medium enterprises and 83 small ones.

The production capacity of the **oil-and-fat industry** allows processing over 390 thousand tons of raw materials by more than 20 small-scale enterprises.

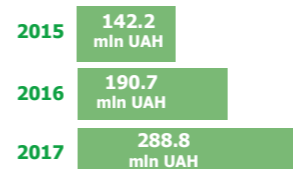
**Dairy industry**

The capacity of enterprises is 135 thousand tons per year. The assortment of manufactured goods is more than 90 items.

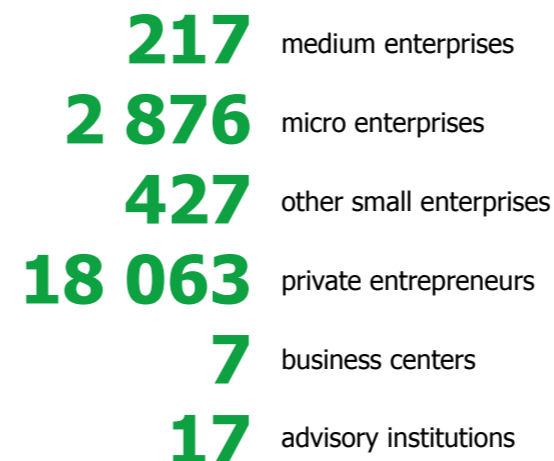
**Meat processing industry** is represented by 10 enterprises, inclusive of 3 enterprises processing meat, with a capacity of 3.6 ths tons. The production spectrum includes 54 items of sausage products and 25 items of semifinished meat products. A major disadvantage of the industry is the lack of slaughterhouses, as well as modern meat processing enterprises.

The industry of **soft, low alcohol and refreshing drinks** includes mineral and sweetened water, non-alcoholic drinks and beer.

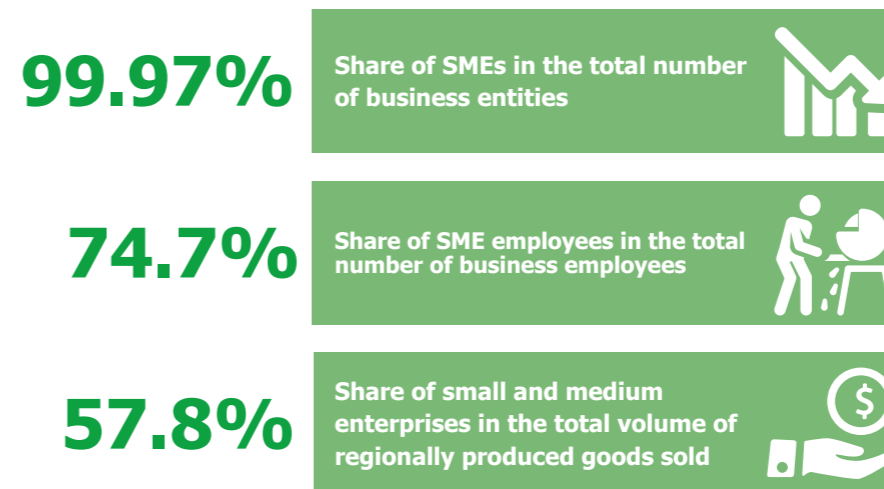
**The bakery industry** comprises of 50 small and medium-sized enterprises having a capacity of 65.8 thousand tons of bakery products. The assortment is more than 300 items of bakery and confectionery products.



Revenues to budgets of all levels at a single tax



**The SMEs are increasingly impacting the economic development of Luhansk region. The SME are providing more than 10% of all tax revenues to budgets of all levels with a single tax. At the beginning of 2017, there were 21,583 SMEs active in Luhansk region. In 2017, 3.3 thousand new jobs were created.**



Link to objects proposed for privatisation

- Entrepreneurship development requires:**
- Business incubators
  - Technological parks
  - Leasing centres / access to other funding sources
  - Normative (regulatory), administrative and informational support
  - Public financial support



Link to a directory of regional companies

1,077 agribusiness formations and 47,000 private peasant farms are operational. They include:



688 units of agricultural equipment were purchased in 2017 (+258 units).

In harvesting of 2017, 1,000 grain harvesters were involved.

The average load per 1 grain-combine harvester is 250 hectares (the average for the whole country is 188 hectares).



There are 5 operational fruit storage facilities with a storage capacity of 3 thousand tons and one vegetable storage facility with capacity of 2 thousand tons.



There are 15 operational elevators with a storage capacity of 660 thousand tons.

3 elevators with a capacity of 81 thousand tons do not work.



The potential for agroindustrial complex growth is the following:

- land resources and necessary infrastructure
- staff with necessary qualification
- a significant demand for food, which is currently largely satisfied with supply from other regions.

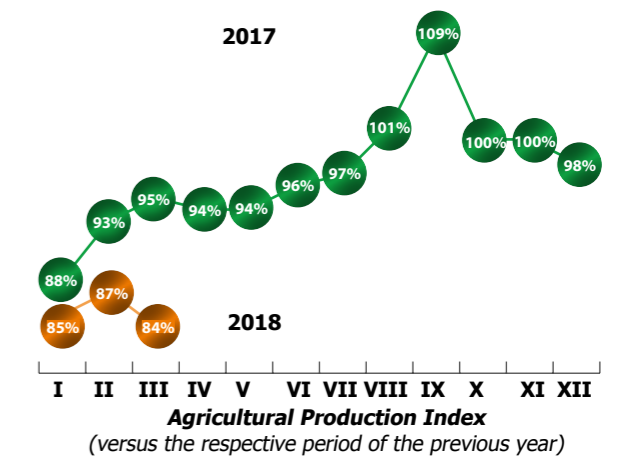


	<b>61.3</b> ths <b>animal units</b>	<b>27.4</b> ths <b>animal units</b>	<b>53.3</b> ths <b>animal units</b>	<b>858.7</b> ths <b>animal units</b>
01.01.2017				
01.01.2018	<b>44.9</b> ths <b>animal units</b>	<b>25.8</b> ths <b>animal units</b>	<b>49.1</b> ths <b>animal units</b>	<b>880.9</b> ths <b>animal units</b>

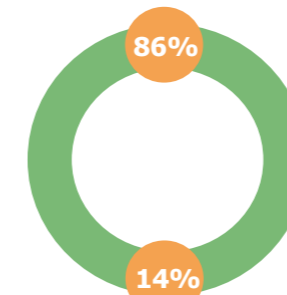


	<b>Meat (live weight), ths t</b>	<b>Milk, ths t</b>	<b>Eggs, mln pcs.</b>
2016	<b>30.8</b>	<b>123.8</b>	<b>98.4</b>
2017	<b>19.4</b>	<b>124.8</b>	<b>108.5</b>

The agro-industrial complex is one of the most promising areas for Luhansk region development supported with black soil and large lands suitable for cultivation of crops. The agricultural land in the controlled area amounts to 1,427.4 thousand hectares or 76% of the total area of the region. The agroindustrial complex has an extensive structure: from production to processing and storage of grown products, which ensures the population's needs in food in a wide assortment. The enterprises of the branch provide work for more than 10 thousand inhabitants of the region. Overall grain crops, leguminous plants and sunflower cover 94% of sown area and almost 80% of agricultural production.



Plant cultivation



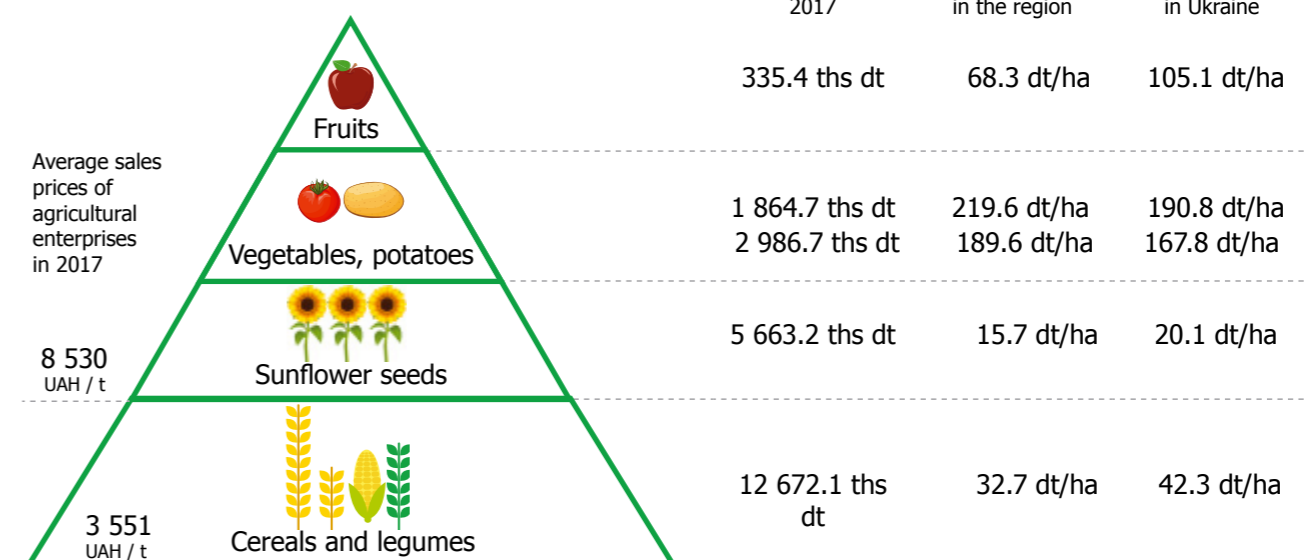
Livestock breeding



**388** ths ha  
Cereals and legumes



Structure of sown areas in 2017

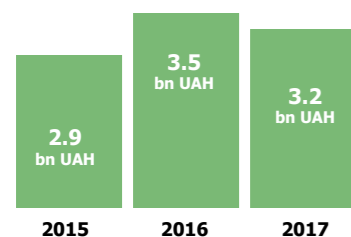




The number of enterprises and retail and service outlets is increasing

**Opportunities for development:**

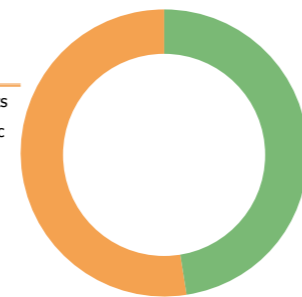
- low supply of rural settlements with retail chains;
- shortage of quality infrastructure within the hotel and restaurant sector;
- increase in household incomes and the significant number of IDPs.



**Dynamics of Retail Trade Turnover by Trade Enterprises**

**53% Non-food products, incl.:**

- 45% Pharmaceutical products
- 8% Perfumery and cosmetic goods
- 6% Motor petrol
- 6% Household electrical goods and lighting devices
- 35% Other goods



**2017 Retail Trade Structure**

**47% Foods, inclusive of:**

- 8% Confectionery
- 8% Fruits, berries and nuts
- 6% Meat and sausage products
- 6% Milk and dairy products
- 5% Coffee, tea and spices
- 67% Other goods

**Retail network, including:**

5 150 outlets (+22 outlets in 2017). 12.1 thousand people are involved in the field. There are operational national and regional supermarket chains. Most of the outlets are concentrated in large cities: Severodonetsk and Lysychansk.

**Fixed stores**

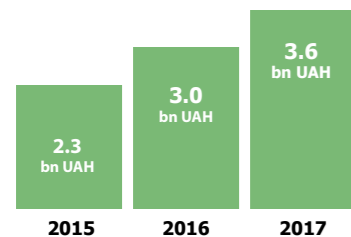
4 014 outlets, inclusive of 918 food shops with a total sales area of 315 thousand m<sup>2</sup> and the number of employees amounting to 5.4 thousand people; 2 096 non-food stores with a total sales area of 39.9 thousand m<sup>2</sup> and the number of employees amounting to 4.7 thousand people. The retail trade area per 1 thousand inhabitants is 454 m<sup>2</sup> that exceeds the regulatory standard by 38%. Almost 2/3 of the stores have an area of up to 1 thousand m<sup>2</sup>. The overwhelming majority of outlets (3 515 stores with an area of 241 thousand m<sup>2</sup>) belong to private entrepreneurs.

**Semi-fixed stores**

913 outlets, inclusive of 743 retail kiosks, 94 filling stations and 76 ones belonging to others types

**Non-store trade**

Trade from stalls, warehouses, platforms, counters, etc. is carried out in 223 sales areas.



**Service Provision Dynamics**

Year/ Index	Ukraine		Luhansk region			
	Consumer price index	Consumer price index	Food	Restaurants and hotels	Household items	Various goods and services
2015	143.3%	138.8%	139.1%	127.4%	128.3%	126.9%
2016	112.4%	110.7%	103.4%	107.2%	102.0%	104.7%
2017	113.7%	114.9%	119.3%	119.6%	103.0%	104.1%

**Restaurant Sector**

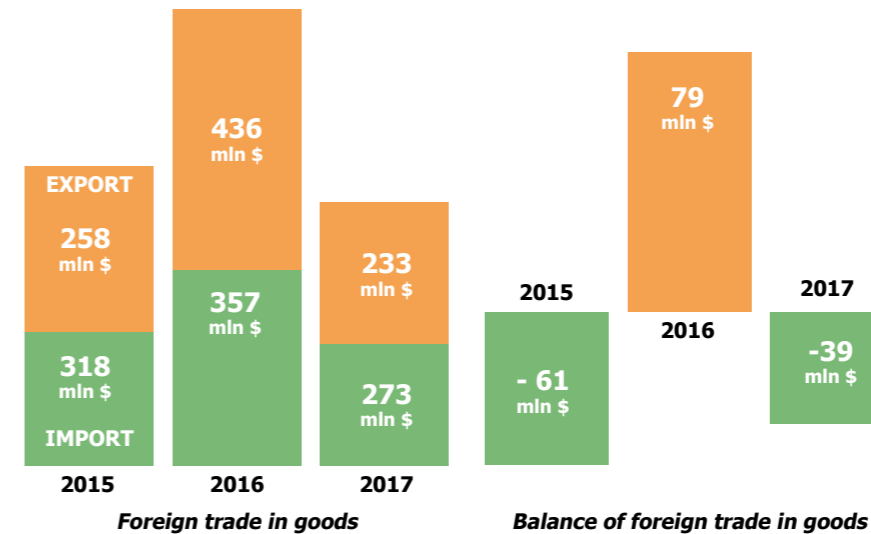
833 establishments (+30 establishments in 2017) for 50.7 thousand seats (the regulatory standard provides for 41.5 thousand), with the number of employees amounting to 2.5 thousand people. Most establishments are concentrated in large cities: Severodonetsk and Lysychansk. There are 405 cafes and buffets, 344 dining rooms, 68 bars, 6 restaurants and 10 establishments for delivery of precooked meals in the region.

**Marketplace Sector**

30 marketplaces (5 food, 5 non-food and 20 mixed) and 13 trading platforms (5 food, 1 non-food and 7 mixed), with a total number of trading spaces amounting to 10.6 thousand. There are 9 operational large marketplaces with an area of 0.9 – 3.0 hectares and more. Most of the facilities are concentrated in large cities: Severodonetsk and Lysychansk.

**Consumer Service Sector**

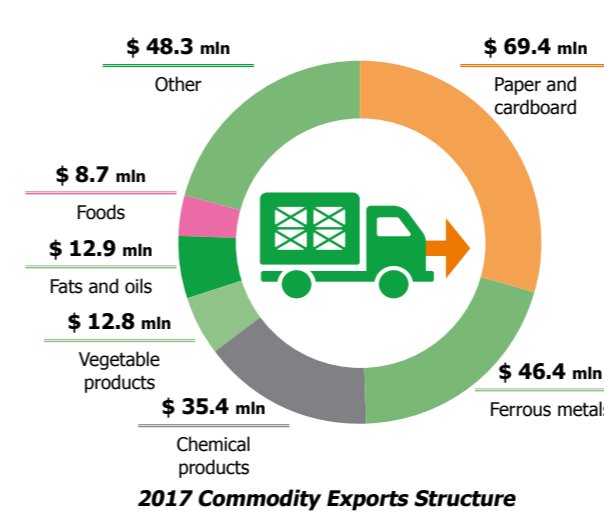
1 151 enterprises, inclusive of 149 for vehicle repair, 108 for cargo transportation, 81 for ritual services, 70 for footwear repair, 65 for housing construction and repair, 60 for production and repair of garments, textile and other goods, 45 for photo works, 43 for equipment repair, 255 for other services and 275 barber's shops. The employees amount to 2.6 thousand people. Most institutions are concentrated in large cities: Severodonetsk, Lysychansk and Rubizhne.



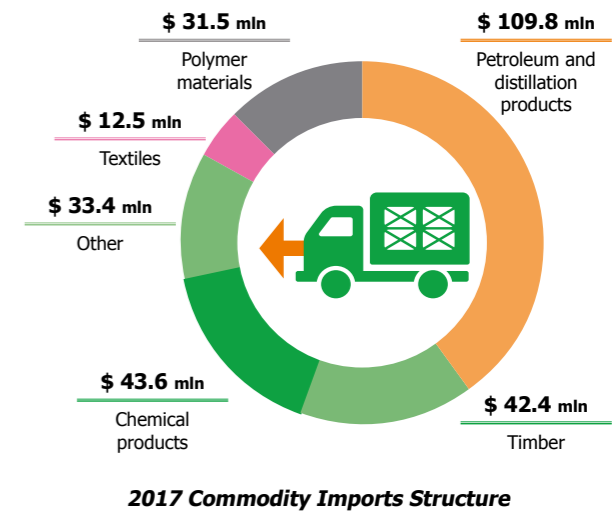
**Foreign trade in goods**

**Balance of foreign trade in goods**

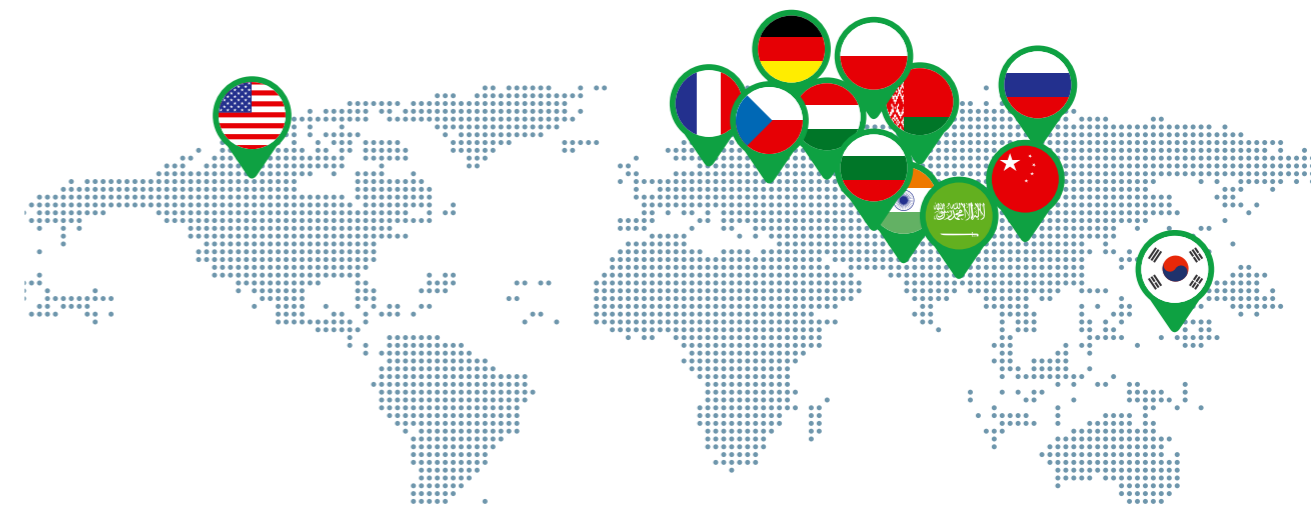
The enterprises of Luhansk region carry out foreign trade operations with partners from 77 countries worldwide. The export structure is deregulated by product family and by country. In 2017, the volume of foreign trade in goods decreased due to the reduced demand for ferrous metals and mineral products, shutdown of individual enterprises, as well as restrictions on trade with the Russian Federation. Instead, the volume of exports of agricultural products, paper and cardboard, chemical products, polymer materials and textiles, optical and photographic devices and instruments, food products, construction materials is increasing.



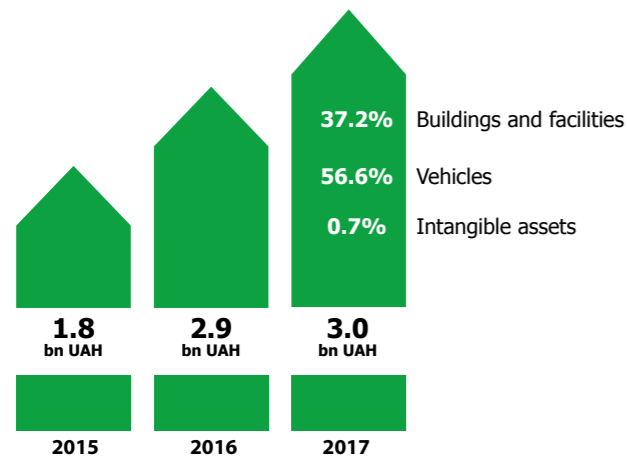
**2017 Commodity Exports Structure**



**2017 Commodity Imports Structure**



Exports	Russia	Hungary	Poland	Belarus	Czech Republic	France	Bulgaria	USA
2016	\$ 103 mln	\$ 109 mln	\$ 51 mln	\$ 25 mln	\$ 21 mln	\$ 11 mln	\$ 10 mln	\$ 4 mln
2017	\$ 57 mln	\$ 23 mln	\$ 22 mln	\$ 16 mln	\$ 20 mln	\$ 13 mln	\$ 11 mln	\$ 6 mln
Imports	Russia	Poland	Germany	France	China	Belarus	Saudi Arabia	Korea
2016	\$ 254 mln	\$ 14 mln	\$ 14 mln	\$ 9 mln	\$ 9 mln	\$ 6 mln	\$ 3 mln	\$ 3 mln
2017	\$ 188 mln	\$ 19 mln	\$ 13 mln	\$ 10 mln	\$ 4 mln	\$ 6 mln	\$ 4 mln	\$ 3 mln

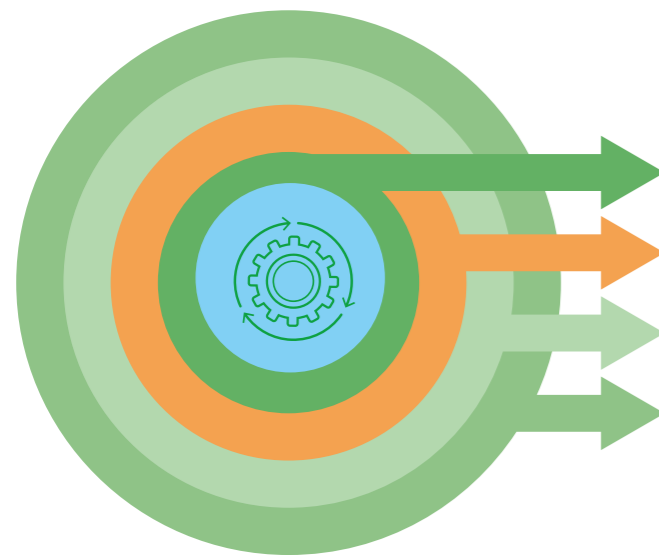


Dynamics of Capital Investments

The significance of Luhansk region as a great industrial and agricultural location, increase in the financial capacity of local communities as well as the need to recover the damaged infrastructure are the main factors for investments to get increased in the regional economy.

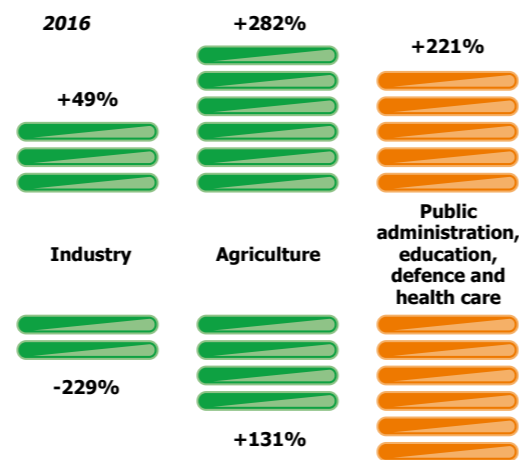
Investment Potential

Available necessary natural, human, land (sites of large enterprises) resources, which can be converted into business incubators and investment zones  
 Accelerated infrastructure recovery and interest in the region by foreign investors and international organisations  
 Creation of new tools, business support facilities and attraction of investment



Capital investment in 2017 by major sectors

<b>430</b> mln UAH	<b>Health care, social care and education</b> Expenditures on repairs, construction, and purchase of equipment for education and health care institutions, social infrastructure facilities are a priority and increasing annually
<b>452</b> mln UAH	<b>Industry</b> The investment is being dropped due to the suspension of production by some large enterprises, as well as the demand contraction for certain types of products
<b>745</b> mln UAH	<b>Public administration and defence</b>
<b>1 041</b> mln UAH	<b>Agriculture</b> The sector is a priority for investment and demonstrates the best development indicators across the region



Increase in capital investment by major sectors



Share of Capital Investment Sources in the Total Volume

Luhansk region has a sufficiently advanced industrial complex and potential for development of attractive proposals for investors.

Priority areas for investment:

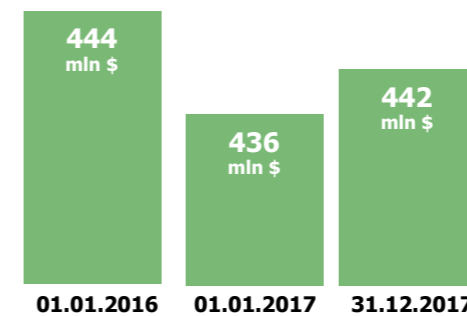
- ▶ Development of agribusiness. Projects on processing of agricultural products and food production
- ▶ Creation of logistics centres
- ▶ Projects in the field of environmentally friendly and energy efficient technologies
- ▶ Existent need to create enterprises to generate energy from alternative sources
- ▶ Development of up-to-date technologies for extraction, processing and transportation of energy and other resources
- ▶ Development of sectors such as extractive, chemical industry, machine-building, pharmacy and others



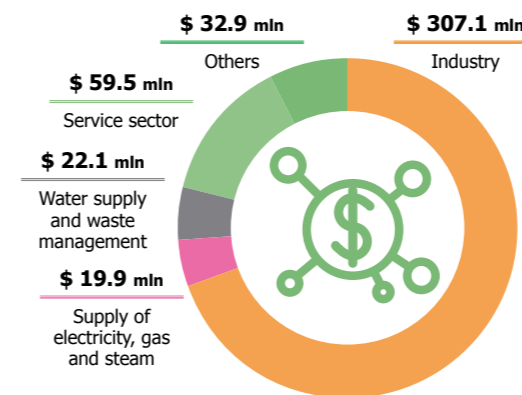
Link to data on free land plots of "Greenfield" type



Link to data on free land plots of "Brownfield" type



Direct Foreign Investments



Direct Foreign Investment Structure as of 31.12.2017

FDI in 2017 by sector

+7.3	mln \$	Administrative and auxiliary services
+2.1	mln \$	Supply of electricity, gas, steam and conditioned air
+0.4	mln \$	Professional, scientific and technical activities
-3.0	mln \$	Primary processing industries
-0.7	mln \$	Construction
-0.7	mln \$	Wholesale and retail trade, repair of motor vehicles and motorcycles



Foreign Direct Investment Per Capita



FDI by major countries and industries as of 31.12.2017

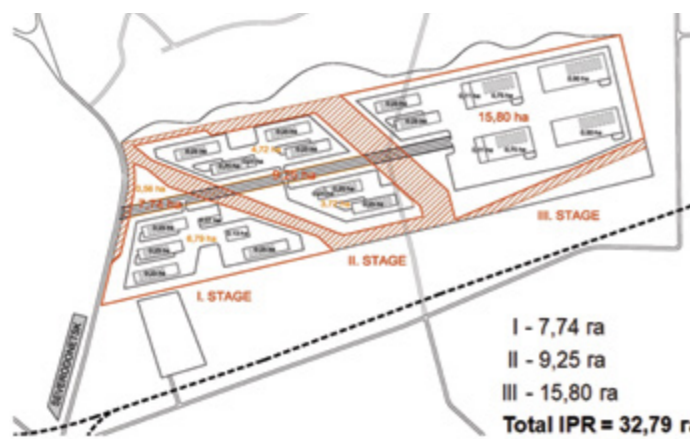
The main purpose for establishment of an industrial park in Rubizhne is to attract investments required for development of the city and region, to ensure a favourable environment for operation and development of industrial enterprises, to increase revenues into the municipal budget of Rubizhne and the State Budget of Ukraine. The set-up of the industrial park will contribute to settlement of a whole range of challenges of local and regional significance:



- a saturated market with new domestically produced competitive goods;
- established new production facilities based on innovative technologies;
- an increased competitiveness level and expanded range of goods and services;
- improved investment attractiveness of the city;
- efficient use of the Rubizhne industrial area;
- developed social, domestic, transport and communal infrastructure;
- encouraged creation of new jobs;
- increased export capacity of local enterprises;
- balanced and proportionate socio-economic development.

**The area allocated for industrial growth, economic development and investment promotion**

Location:	
Distance to Rubizhne railway station	1.9 km
Distance to an individual railway track	1.0 km
Distance to Rubizhne central city bus station	3.0 km
Distance to M3-03 «Kyiv-Dovzhansky» nationwide highway	70 km
Distance to Kyiv by railway	734 km
Distance to Kyiv by highways	723 km



**INDUSTRIAL PARK «RUBINDUSTRY» (CONCEPT)**

<b>Area</b>	35 ha
<b>Location</b>	Rubizhne
<b>Scheduled lifetime</b>	30 years, with probable extension

**Priority business streams:**

- production of building materials
- production of pharmaceutical products
- machine-building
- environmental recycling of solid household waste
- woodworking
- production of electronics and IT development
- light and food industry



**Benefits for participants:**

- the zero rate of duty on equipment and components not being manufactured in Ukraine and being imported for provision of the necessary facilities,
- exemption from burden sharing in the development of infrastructure of settlements,
- state support for provision of the necessary facilities (installation of engineering and transport infrastructure),
- a transparent and simple procedure for acquisition of title to a land lot,
- interest-free loans, targeted financing on an irrevocable basis for provision of the necessary facilities.

**Access to resources:**

Water supply:	The network of Rubizhne. The water pipeline of 300 mm. The projected capacity: 500÷2500 m <sup>3</sup> per diem; the ultimate capacity: 2700 m <sup>3</sup> per diem.
Drainage:	The network of Rubizhne city. The water pipeline of 300 mm. The estimated volume of waste water: ~ 2 190 m <sup>3</sup> = 1.3 from the maximum possible.
Gas supply:	The expected gas demand: 3.8 mln m <sup>3</sup> annually. A potential point of direct connection is the southern part of the section (the gas distribution network of Research and Production Enterprise «Zarya» Ltd ). The expected total electricity demand: ~ 2.8-3.0 MW.
Power supply:	The distance to the point of connection of power supply of the existing transformer station TS 110/3 is 200 m. It is suggested to create an additional connection point.



**LLC «LISTSTALPROM»**

**A modern mechanical casting enterprise with a sufficient level of technological equipment**

The manufacturing capabilities allow casting of components by several moulding methods (lost foam casting, vacuum tape casting, green sand mould and cold-setting sand). Steelmaking is carried out on induction and arc-melting furnaces. It has the ability to produce small batches or artificial batches using a 3D plotter to produce lost foam casting moulds.

**Purpose of investment attraction:**

Installation of a lost foam casting line

**Estimated volume of investments:** \$ 5 mln

**Lysychansk**  
58 Kanatna str.

<http://www.lisstalprom.com.ua>



**SPA «SEVERODONETSKY STEKLOPLASTIC» LTD.**

**A leading enterprise for the production of structural building fiberglass profiles**

The enterprise produces a wide range of structural glass fibre profiles: riegels, dielectric and structural profiles, scrids, fibreglass mesh, glass-fibre mat, railway plates, press materials and other products from fibreglass. The structural fibreglass profile allows solving a considerable range of tasks: it is easily fastened, transported, not deformed and maintains heat well. It does not require additional expenses during operation and is not toxic.

**Purpose of investment attraction:**

Organisation of production of glass wool

**Estimated volume of investments:** \$ 2.5 mln

**Purpose of investment attraction:**

Pulturous production of fibreglass

**Estimated volume of investments:** \$ 80 ths

**Severodonetsk**  
1 Promyslova str.

<https://www.ssp-frp.com>



**LLC «BKF»**

**A producer of packaging for transportation**

The production of transport packaging makes up about 80% of goods, namely film liner bags, film liner bags into confectionery boxes, woven bags and big bags, sea containers. It also produces inserts into a variety of packs and containers, as well as cases for pallets used mainly for heavy duty cargoes, which provide increased durability and reliability of the package.

**Purpose of investment attraction:**

Production of industrial and household packaging made of polymeric materials

**Estimated volume of investments:** \$ 1.2 mln

**Rubizhne**  
77 B. Khmelnytskoho str.

<http://bkf.biz.ua>





**LLC RESEARCH AND DEVELOPMENT ENTERPRISE "MIKROKHIM"**

**High-tech production of «full cycle» drugs**

The enterprise researches on medical forms and combinations; develops new drugs: composition, pharmaceutical forms and production technology; determines requirements for active pharmaceutical ingredients, adjuvants and the quality of the finished medicinal product; estimates the interchangeability of adjuvants for various medical forms; introduces technologies into industrial production. The enterprise has capacities for the production of substances, solid dosage forms and liquid forms, the total volume of which enables production of 500 thousand units of sprays per year, 200 million tablets and 9.5 million ampoules of injectable forms. The pharmaceutical quality system of the company meets the worldwide standards: GMP Quality, ISO: 9000.

**Purpose of investment attraction:**  
Production of ampoule medications  
**Estimated volume of investments:** \$ 2.5 mln

**Rubizne, 33 Volodymyrska str.**  
 <https://mikrokhim.com.ua>  
 [office@mikrokhim.com.ua](mailto:office@mikrokhim.com.ua)  
 **+38 (06453) 6-16-00**  
**+38 (06453) 6-35-00**



**FEEDLIFE LIMITED LIABILITY COMPANY**

**One of the leading producers of feeding stuff and feed supplements**

The enterprise produces feed and premium feed additives of different complexity and purpose under its own brand name:

- granulated or in the form of grains, full-fodder feed for farm animals and poultry;
- granulated feed concentrates for farm animals;
- protein-vitamin-mineral supplements for agricultural animals and poultry;
- premixes for agricultural animals and poultry;
- fish food;
- mineral mixtures for livestock;
- pre-starter feed based on the exclusive original technology.

The fodder plant is equipped with high-tech equipment of the Swiss company "Buhler AG", with a complete process automation system. The capacity to receive grain and protein raw materials is 80 tons per hour. There are micro-dosing lines for production of feed additives and premixes with a capacity of 12 thousand tons per year, lines for granulation with a capacity of 150 thousand tons of granulated feed per year and an automatic packaging line. The quality of products is overseen by its own process design laboratory.

**Purpose of investment attraction:**  
Processing of oilseed crops  
**Estimated volume of investments:** \$ 1.5 mln

**Baranykivka, 124 Zarichna str.**  
 <http://www.feedlife.com.ua>  
 [mail@feedlife.com.ua](mailto:mail@feedlife.com.ua)  
 **+38 (06454) 9-61-62**  
**+38 (068) 162-10-40**



The priority areas for implementation of international technical and financial assistance projects are reduction of energy resources consumption, extension of agroindustrial complex, development of local business, implementation of the latest technologies of green energy production and consumption, improvement of ecology, restoration of the damaged or obsolete facilities of infrastructure, health care, education, culture, sports, and more.

There are more than 30 international organisations active in the region. The major donors are the European Union and Governments of Japan, Sweden, Switzerland, the USA, Germany, Denmark, the United Kingdom and Norway.

In 2017, 21 Memorandums of Understanding and Cooperation between international partners and the Regional State Administration were signed for the implementation of international technical assistance projects in the region.



The transport infrastructure of Luhansk region consists of the external transport and internal passenger transportation system. In Luhansk region, there are railway, automobile and electric transport, being developed mainly by using funds of state-owned and municipal enterprises.

**RAILWAY  
TRANSPORT**

There is only one railway line "Popasna – Svatove – Kupiansk" transporting cargo and passengers in the government-controlled area. There is an option under exploration to construct a new railway line, bypassing the non-controlled area, worth about UAH 1 billion.

The railway hub of Luhansk region provides the opportunity to connect with other regions of Ukraine.



**AUTOMOBILE  
TRANSPORT**

Luhansk region is located at the intersection of two highways of international importance:

**Automobile route M-03:**

Kyiv – Poltava – Kharkiv – Dovzhanskyi (border with Russia)

**Automobile route M-04:**

Znamianka – Dnipro – Pavlohrad – Izvaryne (border with Russia)



In the government-controlled area, there are highways:

- 1.2 thousand km of national standing for public service;
- 1.7 thousand km of regional standing (146 highways);
- 2.2 thousand km of district standing (470 highways).

**434**  
mln UAH  
Expenditure budget on general maintenance of highways in 2017

**709**  
mln UAH  
Expenditure budget on general maintenance of highways in 2018

**363**  
mln UAH  
Expenditure budget on general maintenance of highways in 2019 - 2020

The priority objective in the road infrastructure development is still to restore the roads having been collapsed due to the combat operations. It is outlined by the Circle of Life project.



Bus routes	Total	Regular
suburban	169	104
intercity	131	53

**> 289**  
ths m<sup>2</sup>  
Amount of works completed for repair of highways in 2017

**130**  
km agreed  
Amount of works for repair of highways in 2019 - 2020

Indicator	Total
Passenger carriers (regular service)	23
Vehicles (of large and medium capacity) on routes	251



Link to the "Route Network" registry

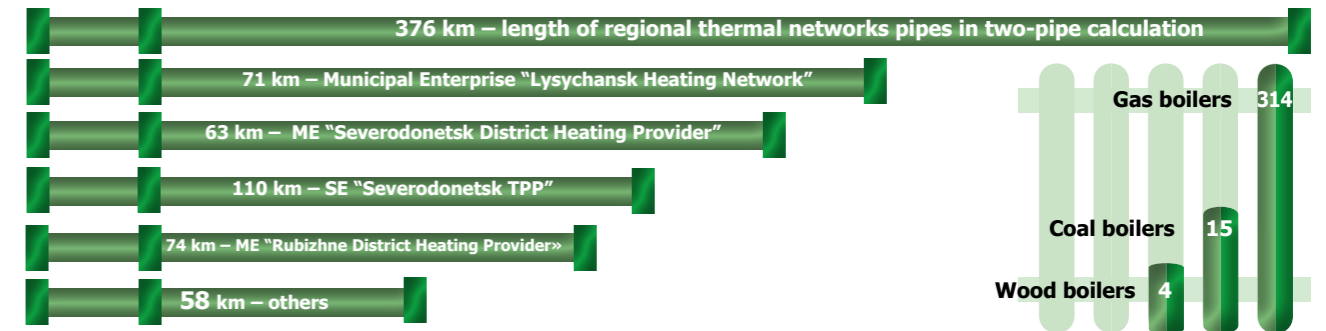
The housing and utility infrastructure of Luhansk region has been damaged as a result of hostilities, but is being gradually restored with contribution from international organisations, authorities, and thanks to domestic investments.

The central heating networks in cities mainly connect housing and social facilities. A similar situation is observed with the water supply and disposal network.

The communal infrastructure has been worn out, and the heating, water supply and disposal networks are outdated and in a state of emergency. The networks of roads and street lighting are needful of major repairs.

Centralised heat supply	<b>19%</b>
Stand-alone boilers	<b>20%</b>
Stove heating	<b>65%</b>

**Heat supply structure by type**



The financing of recovery and modernisation of communal infrastructure and social facilities will provide additional opportunities for investors in the region. The estimated needs of resources for the modernisation of the district heating system of Luhansk region are:

Actions	unit of measure	2018	2019	2020
Replacement and modernisation of gas boilers	unit	19	18	18
Replacement of pumping equipment	unit	1	1	0
Installation of heat utilisation equipment	unit	0	1	0
Replacement of heating network pipelines for pre-insulated ones (in a two-pipe dimension)	m	5 330	5 224	5 172
Re-equipping of gas boilers to run on local types of solid fuel	unit	4	4	4
Re-equipping of gas boiler-houses to run on pellets	unit	2	2	2
Installation of gas generators	unit	0	1	1
Installation of cogeneration units	unit	1	1	1
Equipping of residential buildings with accounting devices for heat energy	unit	442	433	429
Roll-out of heat pump systems	unit	0	0	1
Installation of solar energy facilities	unit	15	15	15
Installation of solid fuelburn block-modular boiler-houses	unit	15	15	15
Use of peak-off electricity for heat supply	unit	1	1	0
Implementation of projects aimed at switching consumers to another source	unit	1	1	1
Disconnection of residential buildings with high share of apartment heating from the district heat supply system	unit	245	240	238
Construction and reconstruction of gas networks	km	22	22	21
Amount of funding	mln UAH	1 582	1 551	1 535
Expected effect:				
Decrease in gas consumption	mln m <sup>3</sup>	24	48	95
Decrease in electricity consumption	mln kWh	0.58	1.17	2.33

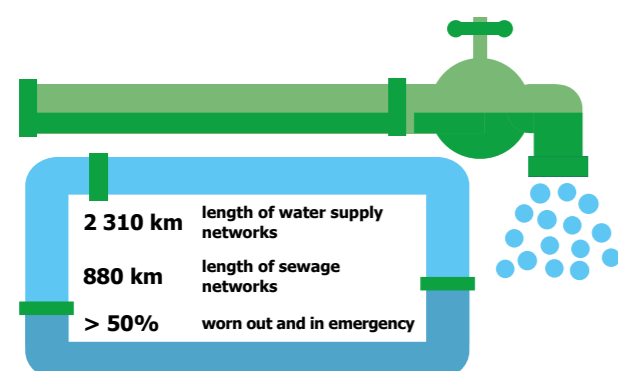
The challenges of the housing-and-municipal sector can be settled by attracting financing from budgets of different levels, from international organisations and energy service companies (ESCO). The priority areas are energy efficiency, replacement / modernisation of equipment in heat supply systems, water supply and disposal systems, reduction of dependence on imported gas (replacement of boilers), implementation of heat supply decentralisation programmes in Rubizhne and Kreminna (with projected investments amounting 60 million UAH), etc.

The ESCO's framework is based on provision by a specialised energy service company of an energy-saving service package with reimbursement of their expenses and receipt of financial profit from the actually achieved saving of energy costs.



Links to ESCO companies










In Luhansk region, the centralised water supply and disposal is predominantly available in urban localities, where the infrastructure development of apartment buildings levels 100%. In many localities, there is no district water supply and system, as well as street lighting and gas supply to the extent required.



Lysychansk Municipal Specialised Enterprise «Lysychansk Water Channel»  
ME «Rubizhne Production Directorate of Water and Waste Water Services»  
ME «Kreminna Production Directorate of Water and Waste Water Services»  
Municipal Enterprise «Zhybudservice» (city of Schastia)  
Municipal Enterprise «Popasna District Water Channel»  
City Municipal Enterprise «Svatove Water Channel»  
District Municipal Enterprise «Starobilsk Water»  
ME «Bilovodsk Repair and Maintenance Enterprise»  
LLC «Town Service» (Severodonetsk)

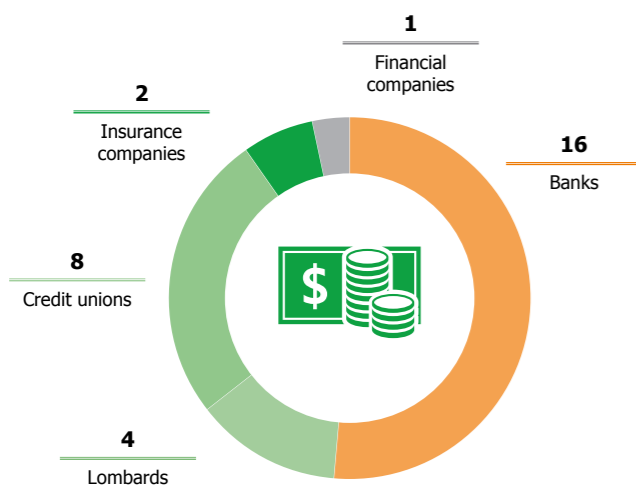
An important point of the regional infrastructure development is to get established an economically efficient waste treatment system to reduce the negative impact of solid household waste on the environment and health of population while ensuring that the waste treatment system operates cost-effectively.

The programme documents are aimed to implement a number of measures to ensure in addition the recovery of waste out of packaging in the amount of at least 50% and to a maximum of 65% by weight and to enable power supply to the regional electricity grid of up to 10.8 million kW per year starting from 2020.

	<b>Containers with a volume of 1.1 m<sup>3</sup></b>	2 782 units	20.9 mln UAH
	<b>Replaceable bins with a volume of 8-10 m<sup>3</sup></b>	233 units	5.4 mln UAH
	<b>Containers for molded scraps with a volume of 35 m<sup>3</sup></b>	22 units	1.0 mln UAH
	<b>Modern garbage trucks with a volume of 12 m<sup>3</sup></b>	26 units	72.0 mln UAH
	<b>Modern portable garbage trucks</b>	35 units	54.0 mln UAH
	<b>Modern garbage trucks equipped with multilift units</b>	2 units	7.2 mln UAH
	<b>Construction of sorting and reloading stations with modern separating and pressing equipment</b>	5	26.3 mln UAH
	<b>Establishment of polygons with modern sorting equipment</b>	2	14.0 mln UAH
	<b>Construction of a central waste treatment facility</b>	1	154.3 mln UAH

## PRIORITY INFRASTRUCTURE PROJECTS OF LUHANSK REGION, UAH MLN

Project title	Description	Value, mln UAH
Reconstruction and modernisation of heating networks, boiler-houses and construction of modular boiler-houses	Installation of block-modular boiler-houses for 40 public sector institutions, reduction of natural gas consumption, reduction of network intensity and harmful emissions into the atmosphere	82.8
Restoration of the centralised water supply and disposal network	Reconstruction and modernisation of water supply and disposal networks, sewage pumping stations and wastewater treatment plants in the amount of 15 units	186.0
Construction of sewage treatment facilities for municipal sewage of Severodonetsk	Establishment of own sewage treatment facilities in the city	300.0
Construction of Bilokurakyne-Svatove railway branch	Restoration of the railway traffic to the north and east of the region, having been stopped due to the passage of the existing branch through the non-controlled area, reduction of the load on roads	1 100.0
Restoration of the III level healthcare system and construction of a clinical hospital for 360 beds	Creation of an up-to-date medical facility and provision of the population with effective methods of diagnosis and treatment by using advanced equipment	185.0
Purchase of equipment for the laboratory of Luhansk Regional TB Dispensary	Decrease by 25% of treatment failure, increase in the effectiveness of treatment and diagnosis	30.0
Construction of Luhansk Regional Clinical Oncology Centre in Rubizhne	Creation of a modern highly specialised Centre for Cancer Treatment with a capacity of 220 beds and an annual capacity of 8 thousand patients	191.0
Provision of ambulance cars for Luhansk Regional Health Care Centre	Procurement of 64 cars and increase in the efficiency and availability of emergency medical care	73.3
Implementation of innovative social and rehabilitation services in Kreminna	Provision with access to a high level of rehabilitation services for children with disabilities	21.6
Improved access to quality education for children with special needs	Improved access to quality education for children with special needs based on designated schools. The number of created educational districts is 20.	20.0
Upgrade of "Khimik" stadium in Rubizhne	Transformation of the stadium into an up-to-date sports facility	65.0
Construction of "Olimp" martial arts hall in Kreminna	Transformation of the complex into an Olympic training hub	38.5
Setup of a designated educational establishments based on the gymnasium in Bilovodsk	Strengthened capacity of communities to provide quality educational services through establishment of a designated institution	17.4
Creation of a business incubator	Provision of business entities with specially equipped premises, consulting services and access to financial resources	5.0
Restoration of irrigation systems in Bilokurakynskyi and Novopokrovskyi districts	Increase in yields and expansion of product assortment	46.0
Creation of an agricultural cooperative for milk collection and processing in Stanychno-Luhanskyi district	Development of rural cooperative business, strengthening of producers' resource base	1.3
Creation of an up-to-date model of solid household waste treatment	Creation of an up-to-date model of solid household waste treatment, inclusive of construction of 5 sorting and reloading stations with modern separating and pressing equipment	121.7
Improved hydrological regime and ecological condition of the Siverskyi Donets River	Sediment control of the rivers by 49.9 km long, with the volume of soil development amounting to 1 271.6 ths m <sup>3</sup> , and restoration of 79 beaded lakes	43.6
Construction of external power supply networks in Bobrovo settlement	Field cable installation and establishment of a discharging transformer sub-station	11.7
Construction of elevated tanks and a pumping station in Popasna	Provision with stable, high-quality centralised water supply services. Construction of 2 water tanks with a capacity of 160 m <sup>3</sup> and a pumping station with two reserve storage tanks by 500 m <sup>3</sup> each.	18.0
Construction of a TV tower in Popasnianskyi district	Support for media development and information security	24.0
Operational restoration of Luhansk Regional Centre for Women and the Regional Centre for Mother and Child	Consolidation of the women's movement and carrying out social work targeted at people in difficult living conditions	4.4



Financial institutions as of 01.01.2018

There is an extensive network of financial institutions and other infrastructure for business services in Luhansk region.

In Luhansk region, modern Centres for Administrative Services are being set up. They include a permissive hub and a sector for delivery of administrative services.

The services of the Centres can be exercised by both entrepreneurs and citizens.

As of 01.01.2018, the region has had operational 17 Centres, including: 12 of district status, 4 of city status and 1 servicing an amalgamated territorial community.

For 2017, the Centres have provided 284.5 thousand administrative services, which is by 29% more than in 2016.

The Centres provided on average 23.7 thousand administrative services per month. In 2016, the indicator was lower and amounted to 16.8 thousand.

- The population's access to mobile communication services is 151.2 per 100 inhabitants
- The population's access to landline is 3.7 per 100 inhabitants
- The population's access to the Internet is 38.3 per 100 inhabitants

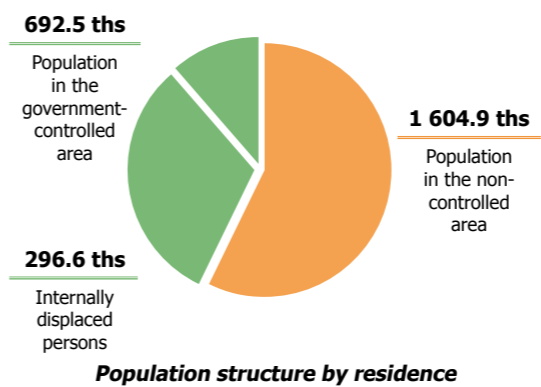
- There are 132 operational bank branches in the region
- Public JSC "Oschadbank" with 73 branches and Public JSC "KB PrivatBank" with 34 ones are the most represented
- Bank deposit portfolio is > 5.0 bn UAH. Bank loan portfolio is > 3.3 bn UAH

Locality	Donor	Type of works
Bilovodsk	GIZ, EU UNDP CBA	equipment & reconstruction
Bilokurakyne	GIZ, EU UNDP CBA	equipment & reconstruction
Krasnorichenske	EU UNDP CBA	reconstruction
Kreminna	GIZ, EU UNDP CBA	equipment & reconstruction
Lysychansk	GIZ	reconstruction
Markivka	GIZ, EU UNDP CBA	equipment & reconstruction
Milove	GIZ	equipment
Novoaidar	GIZ, EU UNDP CBA	equipment & reconstruction
Novopskov	GIZ, EU UNDP CBA	equipment & reconstruction
Popasna	EU UNDP CBA	reconstruction
Rubizhne	GIZ	reconstruction
Svatove	GIZ	equipment
Severodonetsk	GIZ	reconstruction
Starobilsk	GIZ	equipment
Troitske	GIZ	equipment & reconstruction
Chmyrivka	EU UNDP CBA	reconstruction

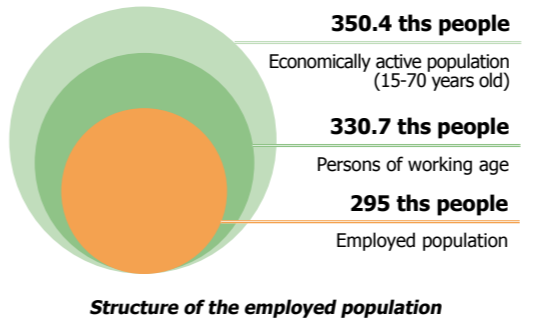
The Centres for Administrative Services are being set up with support of international organisations within the programmes of the EU, UNDP and "U-LEAD with Europe for the Improved Administrative Service Delivery to the Population", providing support to the Centres for Administrative Services, inclusive of construction, repairs and supplies of equipment.

Link to the registry of operators and providers

Link to a list of the Centres for Administrative Services



The armed conflict has changed the location of urban and rural population that impacts on the rational use and optimal development of productive forces, as well as on the development of the region as a whole.



The main employers of the region are enterprises of the chemical and coal industry, as well as public sector institutions.

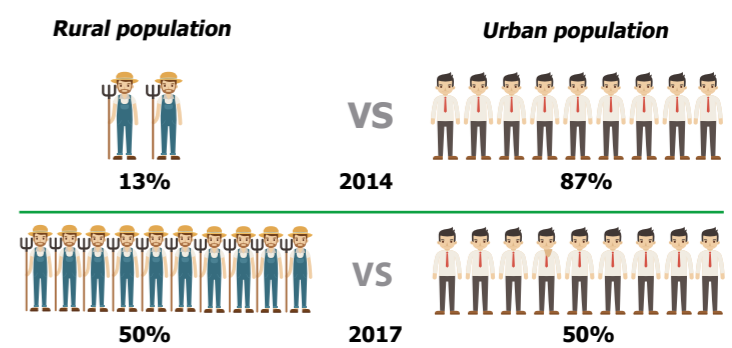
The vacancies were filled by 86.3% in 2017.

In 2017, 93.7 thousand people received vocational guidance services from the State Employment Service of Ukraine.

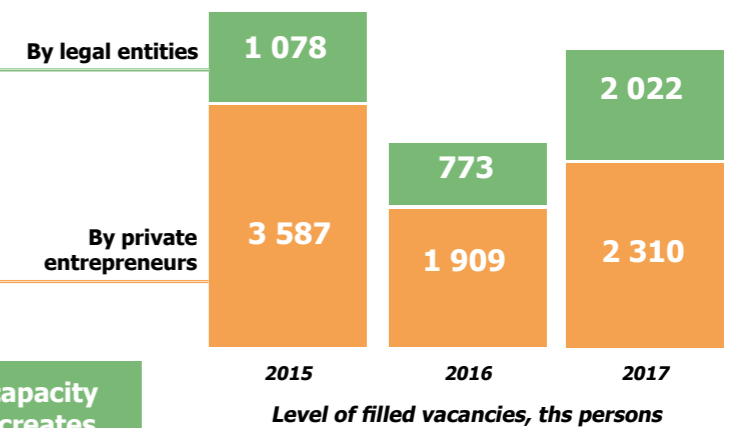
**In Luhansk region, the available labour capacity at a relatively low level of remuneration creates additional advantages for investors in terms of starting and doing business.**

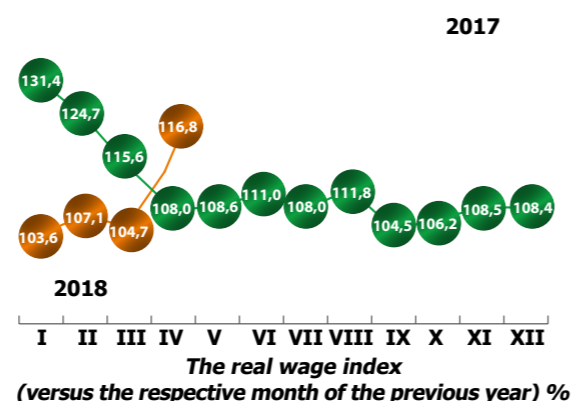
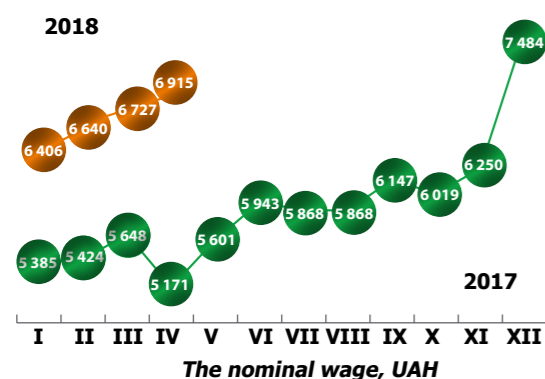


The current demographic situation in Luhansk region is complex and being worsened due to the military actions, accompanied by the migration outflow and natural population decline.



Personal Income in 2017	Ukraine	Luhansk region
Total income, bn UAH	2 475.8	45.2
Expendable total income, bn UAH	1 852.1	30.7
Expendable total income per capita, ths UAH	43.6	14.1
Real expendable income (against the previous year), %	106.0	99.1





The average monthly wage across the business, ths. UAH	2015	2016	2017
Financial and insurance activities	5.4	7.8	9.6
Professional, scientific and technical activities	4.4	5.9	6.7
Mining and quarrying	3.4	5.4	6.7
Provision of other types of services	1.8	4.5	6.0
Industry	3.5	5.2	5.8
Supply of electricity, gas, steam and conditioned air	4.5	5.1	5.7
Processing industry	3.5	5.1	5.6
Agriculture, forestry and fisheries	3.2	3.9	5.3
TV programme production, broadcasting, IT and telecommunications	3.4	4.1	5.2
Arts, sports, entertainment and recreation	2.8	3.7	5.0
Real estate operations	2.5	2.9	4.6
Transport, warehousing and postal activity	3.6	4.1	4.4
Construction	3.1	3.8	4.4
Water supply; sewage and waste management	2.7	3.4	4.2
Wholesale and retail trade; repair of motor vehicles	2.0	2.9	4.0
Administrative and auxiliary services	2.4	2.8	3.5
Temporary accommodation and catering services	2.7	3.7	3.5



Link to higher educational establishments of I-II accreditation level



Links to higher educational establishments of III-IV accreditation level

Regional higher education institutions provide key sectors of the economy with qualified labour force, which creates important intellectual and innovative advantages of Luhansk region related to highly skilled labour resources

Graduates	2015/2016	2016/2017	2017/2018
Higher educational establishments of I-II accreditation level	2.0	1.3	1.4
Higher educational establishments of III-IV accreditation level	7.2	3.6	4.8
Establishments of vocational education	2.5	2.1	2.4
Employed	1.8	1.7	1.7

<b>Taras Shevchenko National University of Luhansk</b>	It was founded in 1921. The educational process covers more than 300 specialties and professions. The areas of study are culture and art; history, international relations and socio-political sciences; pedagogy and psychology; Ukrainian philology and social communications, economics and business; natural sciences, trade, service technologies and tourism, physics, mathematics and information technologies; physical training and sports; and foreign languages. The number of students is ~ 8.9 thousand people.
<b>V. Dal Eastern Ukrainian National University</b>	It was founded in 1920. The areas of study are economics and management; labour and social technologies; jurisprudence and international law; philosophy and psychology; computer systems and information technologies; transport and logistics; and chemical technologies. The number of students is ~ 12 thousand people.
<b>Luhansk State Medical University</b>	It was founded in 1956. The university has 3 faculties – medical, pharmaceutical and for postgraduate education – combining 26 chairs. The number of students is ~ 4 thousand people.
<b>E. O. Didorenko State University of Internal Affairs of Luhansk</b>	It was founded in 1993. The university has two faculties: for part-time education and for training of specialists for units of the National Police of Ukraine.

To get the education system improved, integrate it into the European area and follow through on its promotion are the main objectives of further education development for Luhansk region.



Link to higher educational establishments



30

Number of health care facilities

+ 3 in 2017



6.4 ths

Number of swing-beds

+0.4% in 2017



5.3 ths

Total number of mid-level health workers

+1.3% in 2017



46.5 ths (per 100 ths)

Number of primary health care encounters

+16.2% in 2017



210 mIn UAH

Amount of investment in the health care system

11 X-ray units and medical equipment for the regional clinical and paediatric clinical hospitals, regional clinical oncology clinic and the Centre for the Prevention and Control of AIDS have been purchased.

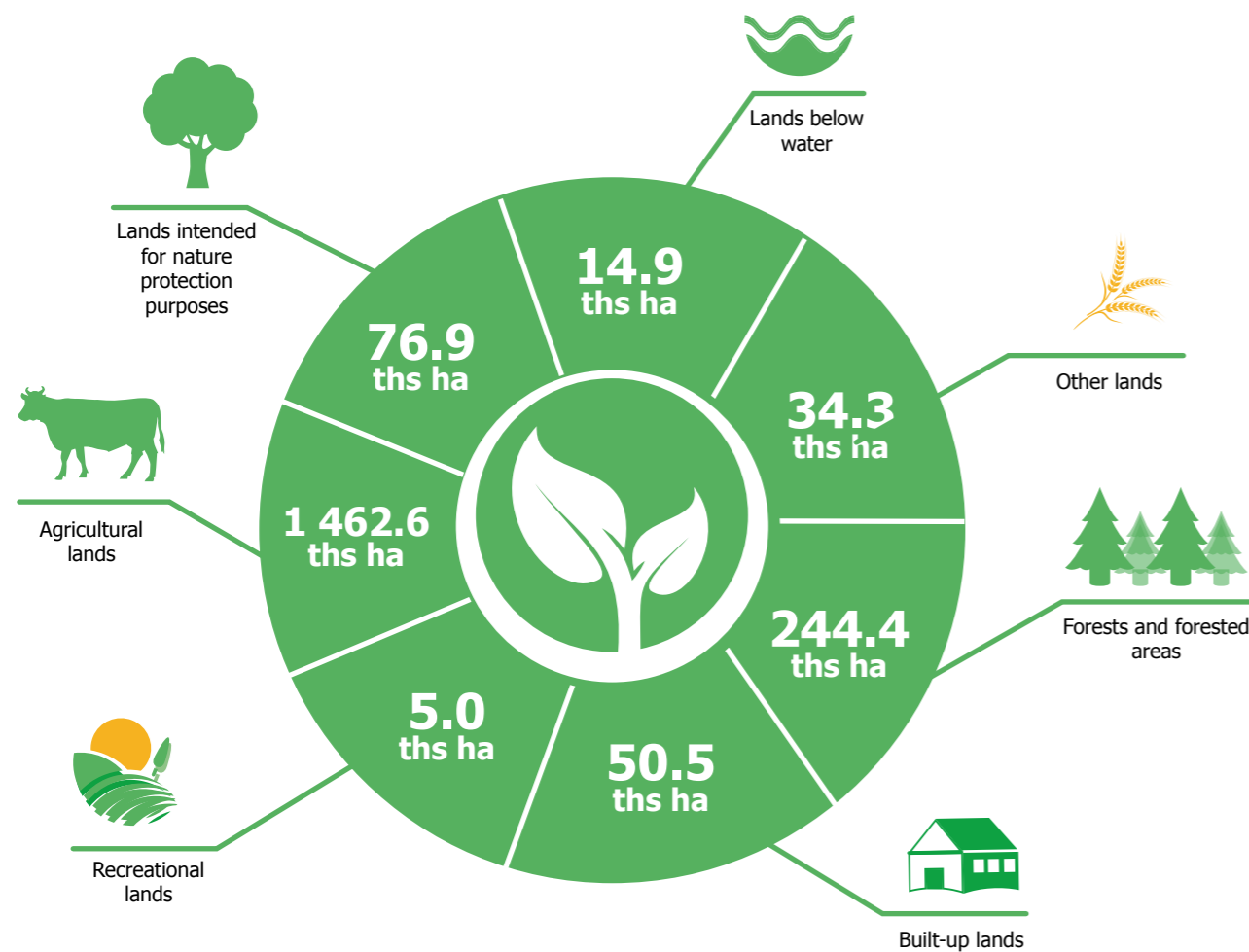


Link to a list of health care facilities

Type of institution	Number	Bed capacity
Regional general hospitals	1	360
Psychiatric hospitals	2	905
Physiotherapeutic hospitals	1	50
Community hospitals	14	1 648
Hospitals of medical districts	2	35
City hospitals	5	1 640
Regional TB dispensaries	2	130
Regional dermatovenereological dispensaries	1	50
Regional cardiological dispensaries	1	30
Regional narcological dispensaries	1	30
District dermatovenereological dispensaries	1	–
Primary health care centres	16	–
Emergency care centres	1	–
Medical emergency care stations	3	–
Children's TB sanatoria	1	–
Regional infant orphanages	1	–

The key challenges in the social sphere development are:

- the complexity to identify the real needs of internally displaced persons. In some areas, the number of registered IDPs is equal to or higher than the resident population. The majority of IDPs uses social services from time to time, but not all of them use the services of educational and medical institutions due to not residing in these areas permanently;
- a low saturation level of individual schools, high percentage of expenses for their maintenance;
- insufficient provision of facilities with up-to-date material resources, high expenses for maintenance of fixed assets, most of which require investments in energy saving and modernisation/ repair.



**Structure of Lands by Categories and Appendages of a Property**

Luhansk region is located in the steppe zone in the east of Ukraine. The total area of the lands in the government-controlled area of Luhansk region is 1 857.3 ths ha or 2/3 of the total land area. The landscape cover of Luhansk region consists predominantly of black soil. Luhansk region is rich in natural resources with a variety of ecosystems (forest, steppe, reservoirs and rivers), flora and fauna, which comprise the nature reserve fund of the region. The regional flora amounts to 1 838 species of vascular plants, which is 36% of the total amount of those growing in Ukraine. Of these, 276 species are steppe plants. 129 species of flora have been added to the Red Data Book of Ukraine. The fauna of the region includes 428 vertebrate species, which belong to 87 families and 6 classes, of which 76 have been put into the Red Data Book of Ukraine. To date, due to the shortage of habitats of flora and fauna and environmental pollution, biological diversity, especially in industrial areas, is observed to be continuously reducing. To improve the environment, to use and reproduce natural resources in an environmentally sound way, to ensure sustainable development and environmental safety, measures are being implemented within the framework of a number of regional programmes. The nature reserve fund is represented by protected areas of various categories, established for the protection of rare and typical, unique and picturesque territories and landscapes, populations of plants and animals, and water sources.

Nature Reserve Fund	Number	Area, ths ha
Natural reserves	1	5.4
National natural parks	1	7.0
Regional landscape parks	1	14.0
Special nature reserves	61	42.5
Monuments of nature	52	4.3
Significant sites of garden art	2	0.14
Protected natural boundaries	20	3.2
<b>TOTAL</b>	<b>138</b>	<b>76.5</b>

Luhansk region is located in the Siverskyi Donets River basin (the Don River basin). It covers 93% of the region and 7% of the basin of the Pryazovia rivers. The water resources of Luhansk region are insufficiently secured on reserves.

There is from 0.2 to 0.5 thousand m<sup>3</sup> of water per inhabitant of the region annually, depending on wateriness of the year, versus 1.0 thousand m<sup>3</sup> of water per year on average across the country.

In the government-controlled regional area, there are 56 rivers flowing, with a length of 1 899 km, and also 46 operational reservoirs, with the Svativske Reservoir being the largest with the volume of 12.5 mln m<sup>3</sup>.

According to the target structure, they are most used as integrated and for irrigation, as well as for the needs of power supply, cultural and household water use, fish breeding, accumulation and dilution of sewage and integrated water management use.

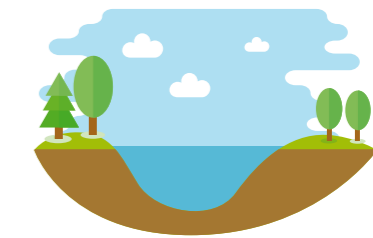
The ecological situation of the regional air basin is determined by the main sources of pollutants: motor transport and industrial enterprises.

In 2016, the density of pollutant emissions from stationary sources per square kilometre of the region amounted to 5.8 tons of harmful substances (the aggregate figure across Ukraine was 5.3 tons), and 70.7 kg per capita (fewer than the aggregate figure of 72.1 kg across Ukraine).

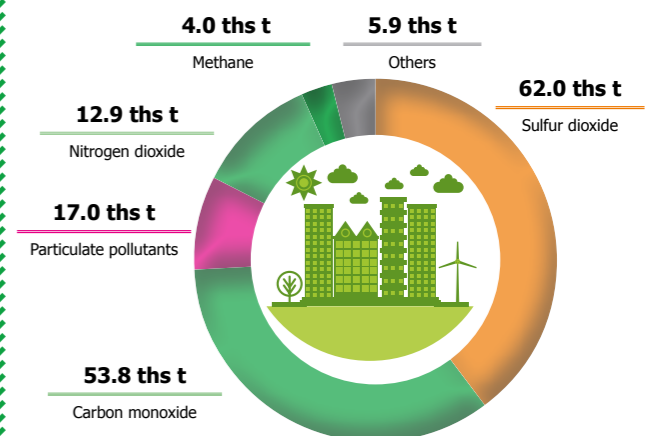
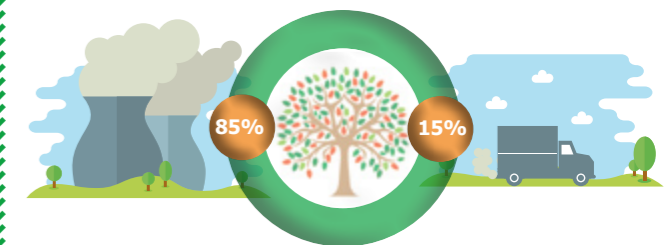
Pollutant emissions into the atmosphere depend on the overall production of enterprises of power engineering, coal and oil refining sectors. The implementation of environmental measures, renovation of worn-out equipment and replacement of outdated technologies with more modern ones significantly effects the state of the atmosphere.

There are three environmentally hazardous facilities of national significance in the government-controlled area of Luhansk region: DTEK Luhanska TPP (standalone unit) of DTEK Skhidenergo, Private JSC Lynik, and Private JSC Severodonetsk Azot Association.

The condition of the air basin is significantly influenced by coal mines and burning waste heaps (with the most of them being located in the non-controlled area), as well as a hazard of flooding of some of the operational mines due to overflow of mine water, which may lead to radiative contamination of the territories.

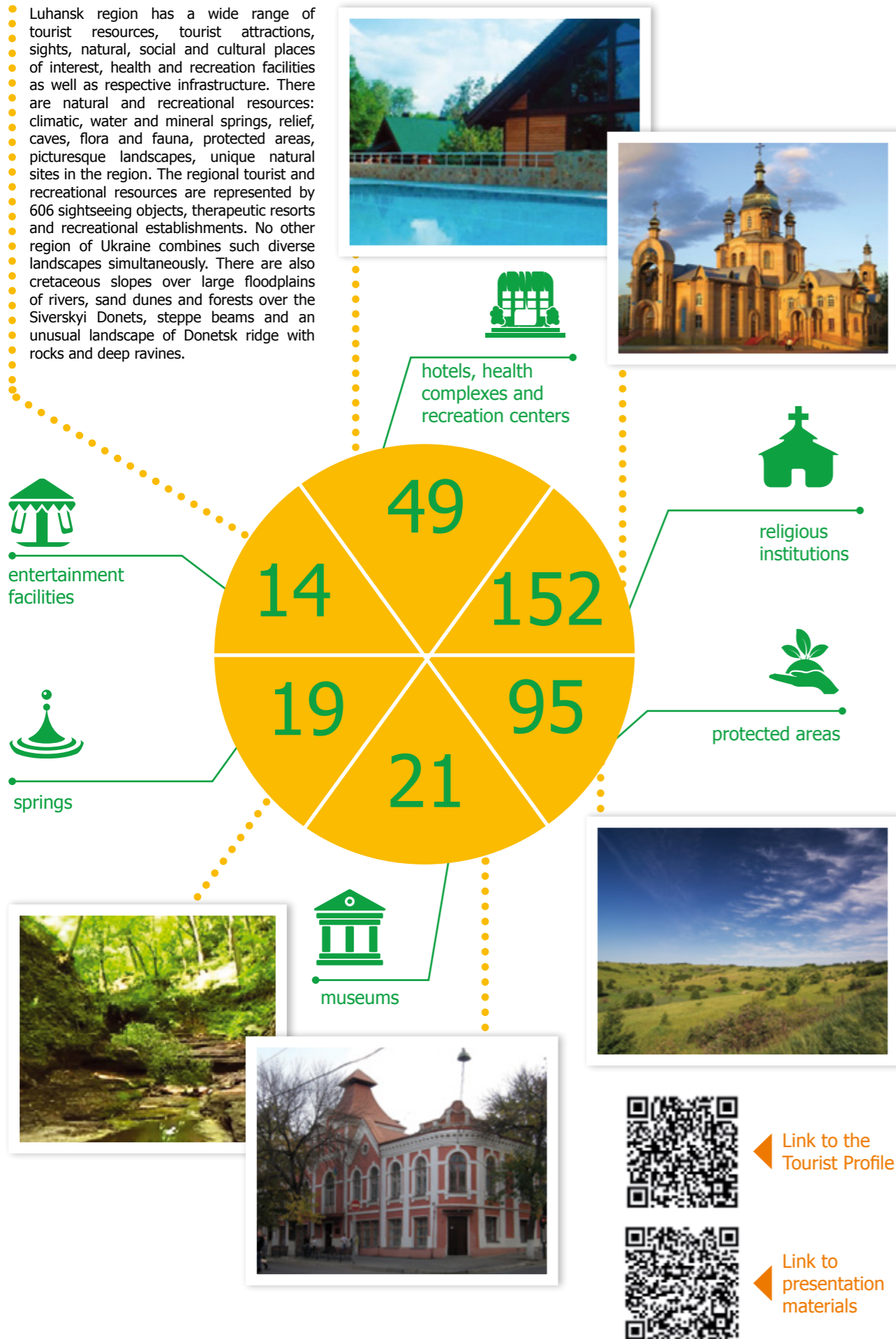


Name of the river	By the basin size	Length across the region
Siverskyi Donets	large rivers	234 km
Aidar	medium rivers	213 km
Derkul	medium rivers	153 km
Krasna	medium rivers	124 km
Povna	medium rivers	3 km
Luhanka	medium rivers	21 km
50 rivers	small rivers	1 151 km
<b>TOTAL</b>		<b>1 899 km</b>



**2016 Structure of Pollutant Emissions into the Atmosphere**

Luhansk region has a wide range of tourist resources, tourist attractions, sights, natural, social and cultural places of interest, health and recreation facilities as well as respective infrastructure. There are natural and recreational resources: climatic, water and mineral springs, relief, caves, flora and fauna, protected areas, picturesque landscapes, unique natural sites in the region. The regional tourist and recreational resources are represented by 606 sightseeing objects, therapeutic resorts and recreational establishments. No other region of Ukraine combines such diverse landscapes simultaneously. There are also cretaceous slopes over large floodplains of rivers, sand dunes and forests over the Siverskyi Donets, steppe beams and an unusual landscape of Donetsk ridge with rocks and deep ravines.



**2017 MONITORING OUTCOMES OF SOCIO-ECONOMIC DEVELOPMENT OF LUHANSK REGION AND SEVERODONETSK**  
(ACCORDING TO THE MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE OF UKRAINE)

**Economic efficiency**

	Luhansk region	Severodonetsk
Volume of industrial production per capita	10 427.7 UAH	37 365.0 UAH
Production of grain and leguminous crops, versus the previous year	104.5%	–
Sunflower seed production versus the previous year	86.7%	–
Volume of construction works per capita	264.9 UAH	1 967.7 UAH
Level of delivered state budget funds for territorial development projects	–	16.9%
Amount of raised funds from international organisations, through the offices of executive committees of city councils and district state administrations, for territorial development project implementation per capita	–	359 UAH
Capital expenditures of local budgets (excluding transfers from the state budget) per capita	2 130 UAH	1 202 UAH
Rate of growth (reduction) of the tax debt on liabilities of taxpayers, excluding the tax debt of taxpayers undergoing bankruptcy proceedings	220.4%	210.8%
Average monthly salary of designated staff	6 560 UAH	8 688 UAH
Rate of growth (reduction) of payroll arrears for employees of operational enterprises (institutions, organisations) prior to the start of the reporting period	54.6%	2 434.8%
Rate of coverage with social services of people in difficult life circumstances by the Territorial Centres for Social Services versus the total number	90.9%	96.0%
Share of orphans and children deprived of parental care being raised in foster families versus the total number of children in this category	–	87%
Volume of residential housing accepted into service per 10 thousand people	306.1 m <sup>2</sup>	279.9 m <sup>2</sup>
Level of population coverage with the centralised collection of solid household waste	72.5%	100.0%
Formation of unauthorised garbage dumps	871 units	1 unit
Share of households having concluded loan agreements within the framework of the energy saving enabling mechanism in the residential sector using budget funds versus the total number of households	1.1%	24.6%
Share of equipped multi-storeyed residential buildings with household appliances for metering and recording of heat energy versus the total number of multi-storeyed buildings to be equipped	23.1%	41.3%
Share of equipped multi-storeyed residential buildings with household water meters versus the total number of multi-storeyed buildings to be equipped	14.9%	5.7%
Number of children in pre-school educational establishments per 100 seats	–	133 persons
Coverage of children of preschool age with education	–	100%
Average filling level of secondary schools	–	24.7%
Share of families in rural areas, for whom transportation to the place of training has been organised (% of need)	–	100%
Share of children covered with extracurricular education versus the total number of school-age children	–	45.0%
Share of children studying in schools of aesthetic education	–	11.0%
Level of population coverage with physical culture and sports	–	11.5%
Number of administrative services provided through the Centres of Administrative Services per 10 thousand people of the enumerated population	–	5 979 units
Number of small business entities (including micro enterprises) per 10 thousand people of the enumerated population	–	491 units
Number of medium enterprises per 10 thousand people of the enumerated population	–	6 units







Link to the Tourist Profile



Link to presentation materials

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Link to  
Investment Profile

