



# The Kryvbas Industrial Park

*the Concept of the creation*





# Resume of the Project



## Project description

Creation of the industrial park in the city of Kryvyi Rih (Dnipropetrovsk oblast) on the area of around 34,07 ha.

## Aim of the project

- To form the effective mechanisms of satisfying the investors' demand for the land plots, fully prepared for business;
- To create favorable conditions for business start-up and development;
- To attract of the investments in the economy of Kryvyi Rih city;
- To diversify the economy of Kryvyi Rih;
- To improve the brand of the city and to make it popular;
- To create new jobs;
- To increase revenues to the budgets of all levels

## Prerequisites

The approved Complex Strategy for the Dnipropetrovsk oblast Development till 2015 is proclaiming the development of specialized plots for investors as one of its priorities.  
As regards to the international experience – the creation of the industrial parks is one of the most efficient tools in the aspect of investment attraction and local development.

## Current status

The Concept of the Kryvbas" Industrial Park creation was developed and approved by the Decision of the Kryvyi Rih City Council №2345 from 30.12.2013 .

## Financing

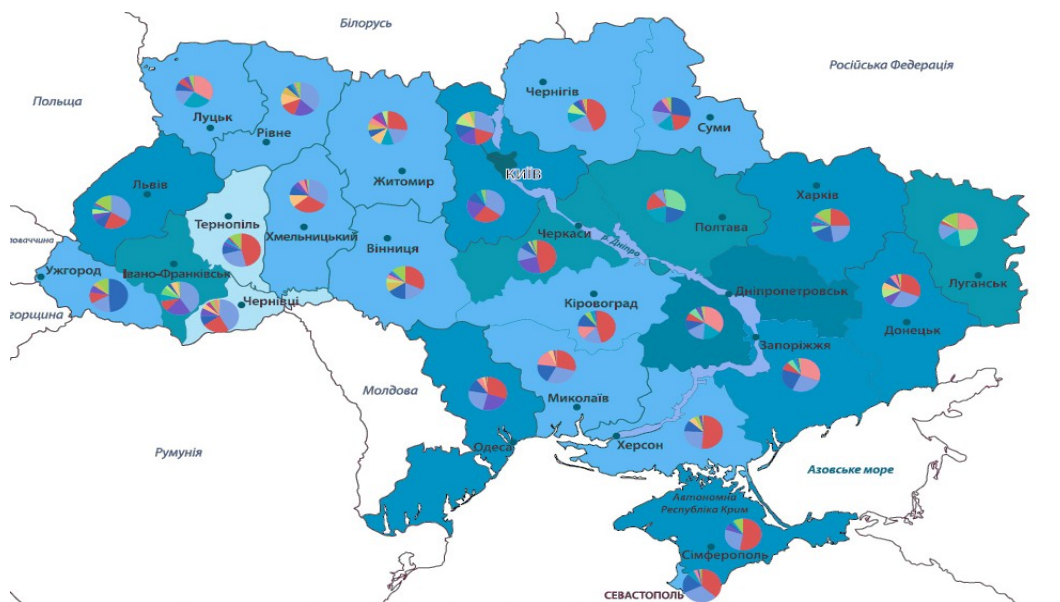
The financing of the project implementation on the territory of Kryvyi Rih city is expected to come from the budgets of all levels, investors as well as from sources of international technical assistance, other sources which are not restricted by the legislation.  
At the initial stages the optimal variant is co-financing coming from the budget of the region, state, domestic and foreign investors.



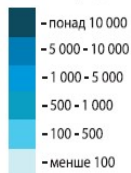
# Advantages of Dnipropetrovsk region for the industrial park creation



## Map of the investment attractiveness of the regions of Ukraine\*



ПІВ в розрізі регіонів на 31.12.2012 р.  
(кумулятивний, млн. дол. США)



Галузі промисловості України



Населені пункти



The volume of foreign direct investments in Dnipropetrovsk region (as of 31.12.2012) is **8351,8 million USD** that is **2524,9 USD** of FDI per a person.

According to the volume of sold production the Dnipropetrovska Oblast has taken the **2-nd place** ( after the Donetsk Oblast) with the index of **210,6 billion USD**. \*\*\*

\*Source: Investment Atlas of Ukraine 2013 – «National Agency for investments and management of the national projects.

\*\* Source: Dnipropetrovsk investment Agency, <http://www.dia.dp.ua/>

\*\*\* Source: State Agency for Statistics – <http://ukrstat.gov.ua/>

## Structural advantages of the region for doing business\*\*:

### Favorable economic and geographical position

- the region is located in the center of Ukraine and borders on **7 regions**;
- Close ties with the markets of Eastern Europe and Russia;
- The oblast is located on the intersection of the trade routes from Europe, from/to West to/from the East

### Developed infrastructure

- developed road infrastructure (**more than 9 K km**);
- powerful railway system (**more than 3 K km**);
- **2 international airports**;
- gas transmission pipeline;
- Presence of the main waterway of the country (the Dnipro river) and 2 river ports.

### Labour Potential:

- **7,3 %** of the Ukrainian population lives in the region;
- The region comprises **85 higher education institutions of I - IV accreditation levels** and **70 vocational institutions** for training of specialists;
- Level of the average wage in the region is **400 USD** (on **300% less than in the countries of Eastern Europe**)

### Large domestic market . Within a radius of 300 km:

- **17 million people** (40% of the population of Ukraine)
- **440 K of the enterprises and organizations** the profit of which is around 50% of the total profit of all Ukrainian enterprises.

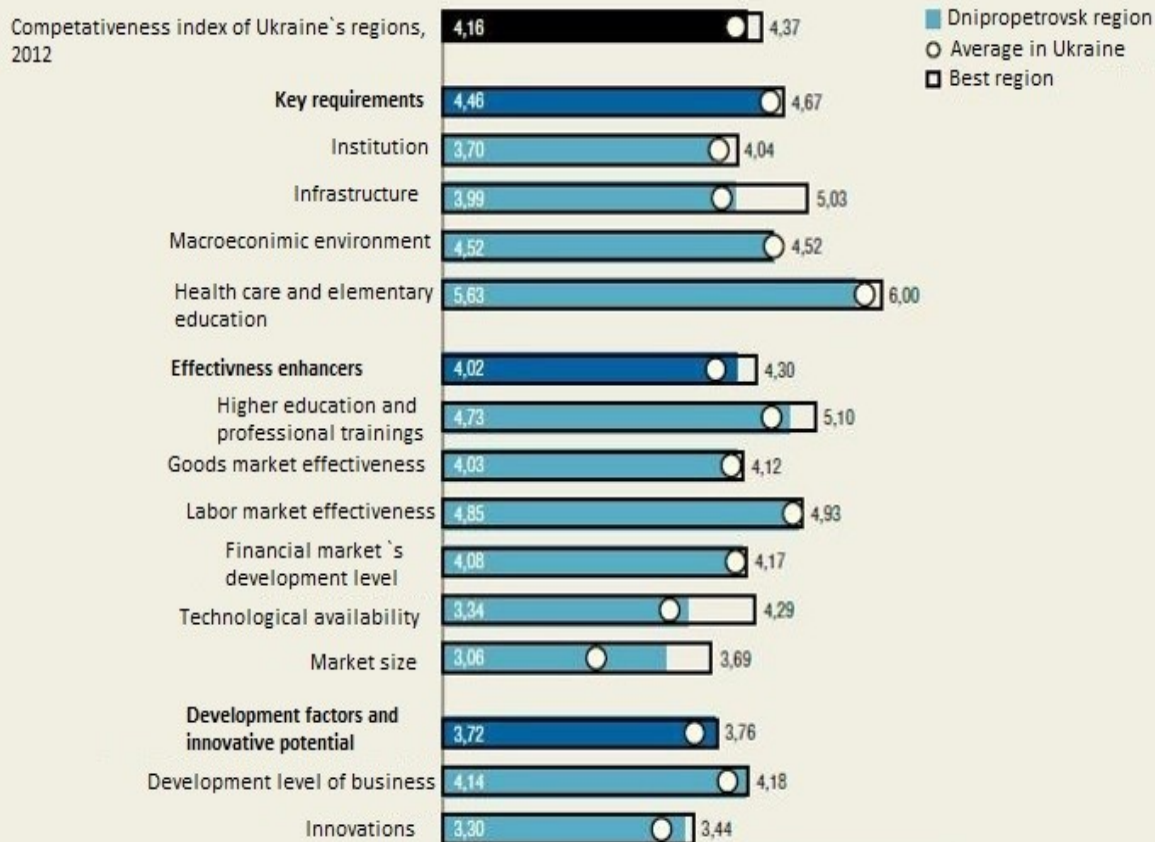


# The advantages of the Dnipropetrovsk region for the industrial park creation



## The Index of Dnipropetrovsk oblast in the Rating of Competitiveness of Ukrainian oblasts according to 12 components (2012)\*

Dnipropetrovsk regions` indexes in 12-level competitiveness



### Comments:

For the second consecutive year, the Dnipropetrovska Oblast has remained a market leader, the Oblast has been ranked 2<sup>nd</sup> in the country, after the city of Kyiv, for the domestic market size;

In terms of the external market, which is determined by the ratio of exports and imports to GDP, the Oblast has been ranked 3<sup>rd</sup> in the country for the second consecutive year;

Dnipropetrovska Oblast has been ranked 2<sup>nd</sup> among 27 regions of Ukraine for its population size (7.3 %);

The Oblast has been ranked 3<sup>rd</sup> for the contribution to gross domestic product (10.6 %). Gross regional product is 36 218 UAH per person, or 145.4 % from the average rating in Ukraine;

The Oblast has got the best estimates for corporate culture and corporate governance efficiency (2<sup>nd</sup> place) in terms of the country;

Trade balance of the Dnipropetrovsk Oblastregion is positive and is estimated as 3.6 billion USD.

\* Source: Report on the Competitiveness of Ukraine`s regions 2012, Fund "Effective management with the support of the World Economic Forum"



# Characterization of Kryvyi Rih as a platform for the creation of the industrial park



## Distance from Kryvyi Rih to nearby large cities and regional centers\*



## Investment potential\*\*:

- ❑ As of 01.01.2013 the city attracted FDI amounting to **5180.3 million USD**. The investments came from **28 countries of the world\***.
- ❑ Key countries-investors were Germany - **4590.2 million USD**, Cyprus - **447.9 million USD**, Netherlands - **95,8 million USD**, UK - **18.5 million USD**.\* In general, **foreign direct investment in 2012 rose to 11.7 million USD**, including investments from France increasing by **12.6 million USD**, The Netherlands by **0.2 million USD**, Austria by **0.2 million USD**.
- ❑ **99,1% of total FDI (5135.8 million USD)** were invested in industry (iron and steel enterprises attracted **4588.5 million USD** from this amount).
- ❑ **11.9 million USD** (0.2 % of total investments) were invested in **building companies**, **11.5 million USD** were invested in the company engaged in real estate transactions, leasing, engineering and rendering business services to entrepreneurs, **10 million USD** were invested in the enterprises of trade, repair of motor vehicles, household appliances and objects of personal use.

\* **Source:** Dnipropetrovsk Investment Agency

\*\* **Source:** Kryvyi Rih in figures and facts, 2012

<b>Area</b>	431,4 sq.km
<b>The length from north to the south</b>	126 km
<b>Geographic coordinates</b>	47°54'37" n. l. 33°23'30" e. l/

## Economic indexes:

*The part of the Kryvyi Rih enterprises' production at gross domestic product is 6,4% and 7 % at export potential of the country.*

*The part of Kryvyi Rih in the overall volume of the sold industrial product ion of the Dnipropetrovska Oblast is 37 %.*

Economic potential of the city is 22270 business entities.

## International economic activity:

- ❑ In 2012 the foreign trade operations were performed with 95 countries of the world.
- ❑ As of 01/01/2013 year: exports of goods amounted to **5 billion USD**, exports of services amounted **6.5 million USD**, volume of imports reached **1 billion 39.2 million USD**
- ❑ Positive balance of foreign trade amounted to **3083.6 million USD**.
- ❑ Export to import ratio is **4.7**

## Structural Advantages of the region:

- ✓ The favorable economic and geographical location.
- ✓ Developed transport infrastructure (road, railway, airport).
- ✓ Resource potential.
- ✓ Availability of production factors, including human resources.
- ✓ The high level of institutional development.



# The development plan of the industrial park



## Phase I. Marketing

- ❖ Passing the procedure of including the “Kryvbas” IP to the national registry of Ukrainian industrial parks.
- ❖ The arrangement of the state, Oblast’s and city’s budget financing into the infrastructural development of the “Kryvbas” IP .
- ❖ Promotion of the “Kryvbas” IP on the international and national levels using available communication channels
- ❖ Permanent monitoring the intentions of trans-national companies to build new enterprises in Ukraine.
- ❖ Timely and high skilled responses to the investment calls from the **STATE AGENCY FOR INVESTMENT AND NATIONAL PROJECTS OF UKRAINE** and to the calls generated in terms of our communication with national and international companies.
- ❖ Organization of potential investors’ visits to the “Kryvbas” IP. Further support of potential investors at entry to the “Kryvbas” IP.

## Phase II. Infrastructural

- ❖ Building up the engineering infrastructure (sewerage system, electrical supply network.
- ❖ Building up of the administrative building.
- ❖ Current repair of Building/repair of the roads.
- ❖ Building up the fence.
- ❖ Building up the rail connection with the territory of the park.
- ❖ Arrangement of the logistic facilities .
- ❖ Arrangement of the parking zones.
- ❖ Building up the stations for electricity, gas and water supply, other necessary buildings.

## Phase III. Energetic

- ❖ Applying the energy-efficient technologies into the project of the buildings.
- ❖ Placement of solar batteries on the roofs of the buildings within the “Kryvbas” industrial park.

## Phase IV. Organizational

- ❖ Selection of the managerial company of the “Kryvbas” IP in accordance with current Ukrainian legislation.
- ❖ Involving of the local community into the arrangement of the the “Kryvbas” IP
- ❖ Inclusion of the issues of further development of industrial parks in Krivoy Rog into the list of the diploma theses subjects of the students and researchers.
- ❖ Involving of the qualified specialists into the development of the park with the aim of strategic planning

## Phase V. Legal

- ❖ Taking measures concerning legal support of IP “Krivbas” members’ staying in Ukraine.
- ❖ Continuous monitoring of observation of current civil, land, tax, labor, environmental, economic, financial legislation of Ukraine, as well as this concept and the Agreement of creation, development and operation of IP “Krivbas”, by the members IP “Krivbas”. Timely informing participants about changes in the legislation of Ukraine.



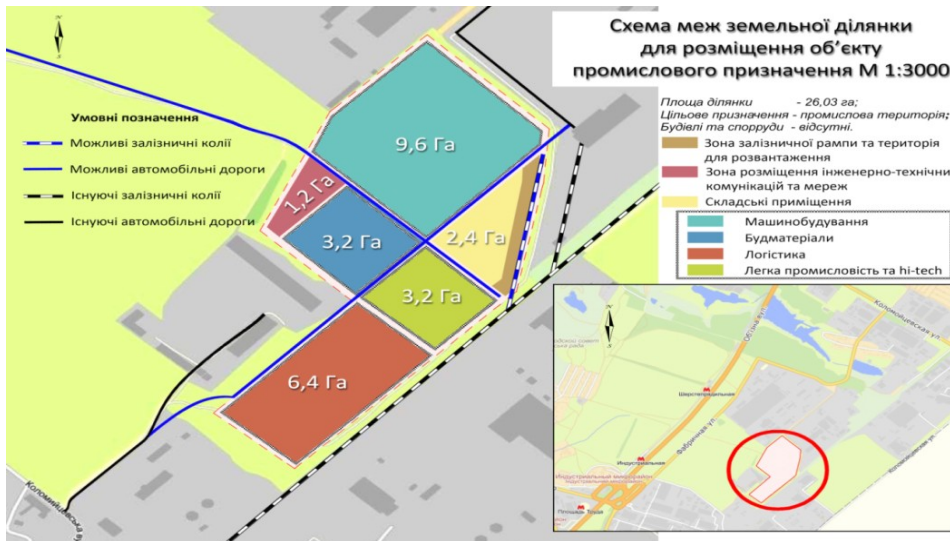
# Location of the park and characteristics of the plot



Land plot of 34.07 hectares provided for the creation of IP "Krivbas" is located within the industrial area "Kolomyiysvskyy" in the eastern part of the city, partially within Dovhyntsiivskyy and Zhovtnevyi administrative districts.

## Characteristics of the land plot for location of the industrial park

<b>Total area of the plot</b>	26,03 ha
<b>Category of the land</b>	Industrial lands
<b>Engineering communication S</b>	The territory does not possess the electricity, gas or water. In the picture we can see the nearest possible points of connection.
<b>Transport infrastructure</b>	<ul style="list-style-type: none"> <li>▪ The rail way connection is located within the direct proximity with the territory of the plot</li> <li>▪ The distance from the plot to: <ul style="list-style-type: none"> <li>- international airport "Kryvyi Rih"- 35 km;</li> <li>- Automobile road of national importance - H11 (Dnipropetrovsk – Mykolaiv) – 5,5 km;</li> <li>- - Automobile road of national importance - H23 – 11,5 km.</li> </ul> </li> </ul>
<b>Additional information</b>	No additional information. No geological survey had been conducted





The **organizational model** of the industrial park is a system of relationships between departments, services and subdivisions at management of the park as well as systemic nature of their organization, accountability that will ensure the creation of appropriate conditions for the industrial park.

## The main functions of the managerial company of the industrial park “Kryvbas”:

- ✓ Organizational support at preparing the documentation on the industrial park planning as well as design and construction of infrastructure;
- ✓ Facility Management (management and maintenance of buildings, facilities and equipment inside the park, keeping the necessary information and telecommunications infrastructure);
- ✓ Attraction of funds for the industrial park creation and functioning;
- ✓ The organization of shared services (maintenance of the engineering infrastructure, roads and shared buildings, waste management facilities);
- ✓ Internal logistics of the park (keeping raw material storages, auxiliary materials and energy, railway maintenance);
- ✓ Investment attraction, work with investors, taking measures to attract the enterprises and accompanying services of the concerned business entities to the territory of the industrial park;
- ✓ Public relations;
- ✓ Support of the industrial park’s participants at placing businesses and services on its territory, including the design, examination and approval of documents, selection of contractors, construction and provision of labor, energy, natural and other resources;
- ✓ Gathering the relevant data and preparing regular reports to the competent authorities and residents of the industrial park about the implementation and operation of the industrial park.





Financing the activities for the creation and development of then industrial park in the city of Kryvyi Rih is envisaged to be realized at the expense of the budgets of all levels, businesses of all types of ownership, foreign technical assistance, investment funds and other sources which are not prohibited by the law and have the following features:

- only the investments at the expense of the budgets of different levels as well as specialized international donors and programs can be the main source for funding the creation of the industrial park at the early stages;
- participating of the state on the one part (as a manager of the state funds, and initiator of the creation of favorable conditions for production facilities development and investments attraction) and private investors (as owners of the investment funds) - on the other, as well as the local government body (owner of the land plot) is quite reasonable;
- Co-financing of various phases of the industrial park can be done according to the Law of Ukraine " On Public- Private Partnership" of 01.07.2010;
- Initial fund of the managerial company of the industrial park should consist of working capital, which form reversible cost of the industrial area; with the cash needed to build the basic infrastructure of the industrial park and to conduct marketing activities, with financial resources for holding training, planning, expert and permitting activities;
- Investment policy of the region should be a means of the state support of the industrial park in Kryvyi Rih.

## Forecast of the basic resources consumption by the residents of the park

Type of resource	Measuring unit	Measuring unit/ 1 ha of the territory/ hour.	Hours per a day	Days a year	Energy need		
					Per hour	Per day	Per year
Water supply and water disposal	Cubic meter	3,1	8	260	105,6	844,8	219 648
Gas supply	Cubic meter	2,1	8	260	71,5	572	148 720
Energy	kW/h	Providing the required power is possible after its determination and development of the PDD					

*When forecasting investment expenses on the development of the industrial park, the pre-defined points of connection to the existing utilities of Kryvyi Rih were used.*



Creation and operation of IP "Kryvbas" in Kryvyi Rih will optimize the financial assets of the potential investors by reducing the time and money for the improvement of the site to accommodate the potential enterprise, at the same time to take advantages from the city's maturity, the volume of its consumer market, existing transport and industrial infrastructure, scientific and employment potential.

## Expected results of the "Kryvbas" IP operation in Kryvyi Rih

- ✓ improvement of the city's investment climate
- ✓ providing its economic development
- ✓ creation of conditions for investment attraction into the economy
- ✓ diversification of the economy
- ✓ development of innovative, high-tech and knowledge-intensive sectors of the economy
- ✓ improving the competitiveness of the territory
- ✓ development of modern production and market infrastructure
- ✓ creation of new job places
- ✓ increasing revenues for the budget of all levels
- ✓ the improvement of the paying capacity of the city citizens



# Prospects of cooperation between business and government



## CITY GOVERNMENT

- Providing of the investor with the information for the best decision-making
- Assistance at the utilities' communication
- Assistance at passing the permitting procedures



- Diversification of the city's economy
- Creation of additional job places
- Creating added value by means of manufacturing products from the domestic raw materials
- The decrease of imports of products in the fields of building materials, machinery, IT industry
- Additional revenues to the budgets of all levels by means of taxes and fees

## CITY DEVELOPMENT INSTITUTION

- Providing of the investor with the information for the best decision-making
- Support at passing the permitting procedures and assistance in the implementation of the investment projects



## BENEFITS



## PRIVATE INVESTORS

- Business-analysis and risk evaluation
- Expert knowledge and technologies
- Investments into production and industry
- Competent management of business in certain fields



- Income from successfully functioning business
- Strong positioning of the Company for further business development in Ukraine
- Utilization of logistics potential of Kryvyi Rih for connection with any region of Ukraine or foreign countries
- Creation of advanced experience and improvement of the Company's image



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