

**THE POLICY ACTION PLAN
ON ECO-INDUSTRIAL PARKS
DEVELOPMENT IN UKRAINE**

DRAFT AS OF 14.04.2021



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

©2021

UNIDO 2021. All rights reserved. This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” or “developing” are intended for statistical convenience and do not necessarily express a judgement about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

The views expressed in this document are those of the authors and do not necessarily reflect the views of UNIDO and its governing bodies, nor of the Swiss Government.



List of contents

ABBREVIATIONS.....	3
1. INTRODUCTION	4
1.1 Objectives.....	5
1.2 Methodology.....	6
2. PROPOSAL FOR THE SCOPING OF EIP POLICY INTERVENTION ACTIONS	7
3. CONCLUSION	21

ABBREVIATIONS

EIP	Eco-industrial park
GEIPP	Global Eco-Industrial Parks Programme
IP	Industrial Park
UNIDO	United Nations Industrial Development Organization



1. INTRODUCTION

The Global Eco-Industrial Parks Programme (GEIPP) is implementing in Developing and Transition Countries by UNIDO and funded by the Government of Switzerland through its State Secretariat of Economic Affairs. The objective of the GEIPP is to demonstrate the viability and benefits of Eco-Industrial Parks by scaling up resource productivity and economic, environmental, and social performances of businesses, thereby contributing to inclusive and sustainable industrial development in the developing and transition economies.

The project “Global Eco-Industrial Parks Programme – Ukraine: Country-level intervention” will address Eco-Industrial Parks development in Ukraine within the global framework of the GEIPP. The specific expected outcome of Ukraine - country-level intervention is: Improved environmental, economic, and social performance of industries in Ukraine through the implementation of EIP approaches in selected pilot industrial parks and an increased role of EIP in environmental, industrial, and other relevant policies at the national level.

The Policy Action Plan on Eco-Industrial Parks Development in Ukraine is prepared within the Outcome 1 of GEIPP – Ukraine and contains recommended actions for the scoping of EIP policy intervention actions, defining institutions responsible for the developing and implementation EIP policy in Ukraine according to their powers and competence and within UNIDO’ recommendations on EIP policy action planning.

On March 3, 2021, the Government of Ukraine adopted the National Economic Strategy by 2030. The document includes the strategic course for industrial development and, among other, the prerequisites for the Eco-Industrial Parks development. Namely, to introduce and sustain the model of eco-industrial parks of the Government will provide state financial support to the officially registered industrial parks to scale up their economic, environmental, and energy performance. In such a way the Government aims to promote the EIP model, based on cooperation among the tenant-companies of industrial parks. The mentioned approach is defined as the task for achieving the strategic goal of the creation of new production facilities through the stimulation of innovative activities of enterprises in all regions of the country.

Among the measures connected to EIP development are that ones which aimed at industrial parks development that include providing conditions for developing relevant engineering and transport infrastructure together with connecting them to electricity networks, providing incentives for residents of industrial parks, setting the priority of development of the network of industrial parks within regional strategies.



Along with that, the National Economic Strategy by 2030 defines EIP-related task of improving the resource efficiency in industry, which includes such measures as popularisation, the introduction of effective regulation, attracting grants and loans for resource-saving and energy-saving technologies, ensuring access to high-quality energy audits and ensuring the implementation of energy management systems, and introduction of a system of tax incentives for eco-modernization in the industry together with the introduction of a system of trading in greenhouse gas emission allowances.

The National Economic Strategy by 2030 also prescribes the stimulating the development of a circular economy which includes the creation of transparent and competitive markets for waste by improving and harmonizing the legislation of Ukraine with the relevant legislation and norms and rules of the EU, stimulating the reduction of waste generation, and formation of the circular economy policy.

In 2020 when developing the draft Strategy for the development of the industrial complex of Ukraine for the period up to 2030, the MinEconomy included to the draft the **definition of the EIP**, which is as follows and **further is to be aligned with the international definition of EIP**:

"Eco-industrial park - an industrial park where companies work with local communities to reduce waste and pollution, efficient resource sharing, and which is characterized by the following features:

use of previously disposed waste (solid, liquid, gaseous, etc.) from one production to another to obtain a valuable by-product,

location and integration of companies within the industrial park into supply and value chains, sharing of communal infrastructure, mainly related to water and energy use (in particular, water reuse, energy cogeneration),

exchange of services between companies joint staff training, joint service".

Also, the draft Strategy contains a section "Stimulating innovation and simplifying access to investment resources for the introduction of resource-saving technologies", which provides for the measure: **"Stimulating the development of eco-industrial parks in different regions of Ukraine"**.

The integration of EIP definition into the Strategy for the Development of Ukraine's Industrial Complex until 2030 will include as the next step developing a governmental Action Plan for implementing the Strategy, which will set certain tasks for government authorities to develop relevant legislation. Today, the process of dividing competence in the sphere of industry between the MinEconomy and the Ministry of Strategic Industries is carried out. Initially, the MinEconomy has developed a draft Strategy for the development of the industrial complex of Ukraine for the period up to 2030 which was transferred to the Ministry of Strategic Industries for further development and carrying out obligatory conciliation procedures and submitting for consideration by the Government (expected in 2021).

1.1 Objectives

The objectives of this Policy Action Plan on Eco-Industrial Parks Development in Ukraine are:

- » to assist beneficiary (the MinEconomy) and policymakers through the Governmental Working Group on developing Eco-Industrial Policy by providing technical support on EIP policy planning and development;
- » to provide monitoring throughout the different stages of the policy development process concerning eco-industrial parks (from high-level visioning to implementation).



1.2 Methodology

The methodology used for developing this Policy Action Plan on Eco-Industrial Parks Development in Ukraine is based on UNIDO EIP policy handbooks^{1,2,3,4} and UNIDO policy tools developed for the GEIPP Programme⁵. The UNIDO policy tool includes module 6 “EIP policy action planning” which is to assist in scoping policy actions as part of an EIP project.

The procedures and timing were estimated according to the official procedures and stages of adoption of laws and bylaws regulations (divided into levels of the Government and the Parliament procedures), which carried out following the Rules of Procedure of the Cabinet of Ministers of Ukraine⁶ and the Rules of Procedure of the Verkhovna Rada of Ukraine⁷.

National information and data on the policy are based on the following data:

- » Official webpages of state bodies and institutions, legislation, national economic and socio-environmental strategies and policies, and available draft legislation (accessed within developing the Stakeholders Assessment Report and the Policy Analysis Report GEIPP – Ukraine in October 2020 – April 2021);
- » Interviews with key stakeholders within questionnaire based on modules and objectives of the UNIDO policy tool (conducted within developing the Stakeholders Assessment Report GEIPP – Ukraine in October-December 2020).

Also, the national EIP policy vision/goal, policy intervention priorities, and EIP policy roadmap development were introduced on the 1st Policy Workshop conducted by UNIDO for the EIP project Ukraine on March 9, 2021. In order to finalise the Policy Analysis Report GEIPP – Ukraine, it is planned to obtain feedback from the stakeholders on the national EIP policy vision/goal, policy intervention priorities, and EIP policy roadmap development during the 2nd Policy Workshop planned for April 20, 2021. In preparing this Policy Action Plan, the UNIDO team has, at each step along the way, consulted widely within the UNIDO team in the Ukraine, the UNIDO Headquarters in Vienna and further afield, involving international UNIDO EIP experts in the process, to ensure it is aligned with global best practices in this area.

¹ Handbook for Eco-Industrial Parks (2017) https://open.unido.org/api/documents/7523639/download/UNIDO%20Eco-Industrial%20Park%20Handbook_English.pdf

² An International Framework For Eco-Industrial Parks (December 2017) <https://openknowledge.worldbank.org/bitstream/handle/10986/29110/122179-WP-PUBLIC-AnInternationalFrameworkforEcoIndustrialParks.pdf?sequence=1&isAllowed=y>

³ A Practitioner's Handbook For Eco-Industrial Parks Implementing the International EIP Framework (September 2018) <https://openknowledge.worldbank.org/bitstream/handle/10986/30458/129958-WP-PUBLIC-A-Practitioners-Handbook-for-Eco-Industrial-Parks.pdf?sequence=1&isAllowed=y>

⁴ Practitioner's Guide to Strategic Green Industrial Policy (2016) https://www.unido.org/sites/default/files/2016-11/practitioners_guide_to_green_industrial_policy_1_0.pdf

⁵ UNIDO's Eco-Industrial Parks (EIP) Tools (Ukrainian) <https://www.greenindustryplatform.org/tools-and-platforms/unidos-eco-industrial-parks-eip-tools-ukrainian>

⁶ <https://zakon.rada.gov.ua/laws/show/950-2007-%D0%BF#Text>

⁷ <https://zakon.rada.gov.ua/laws/show/1861-17#Text>



2. PROPOSALS FOR THE SCOPING OF EIP POLICY INTERVENTION ACTIONS

The effective national EIP policy in Ukraine should bridge the gaps and overcome barriers. Within developing the Stakeholders Assessment Report and the Policy Analysis Report GEIPP – Ukraine, concerning international recommendations for EIPs such categories of policy instruments to provide interventions on a national scale may be introduced (according to the UNIDO “Implementation Handbook for Eco-Industrial Parks (2017)”⁸ and “Practitioner’s Guide to Strategic Green Industrial Policy”⁹):

- » **Governance:** includes institutions with certain responsibilities and functions to provide needed regulatory reforms and further support of their implementation.
- » **Mandating:** includes regulatory instruments related to national planning, requirements for EIPs, environmental liability, monitoring, control, and enforcement.
- » **Economic instruments** (policy incentives) on a national and local level, i.e., streamlined administrative procedures, co-financing mechanisms, subsidies, fiscal incentives, public infrastructure assets, services, utilities, and other “public goods.
- » **Informational instruments:** are to raise awareness on benefits of cleaner production, relevant aspects of the environment, such as environmentally beneficial or harmful behaviours, effects of pollution and the benefits of conservation, on attracting investments into clean technologies.

The implementation of EIPs regarding these categories of policy instruments will require the development of specific mechanisms with clear objectives that can influence business and IP participation in EIPs.

The development and implementation of mentioned instruments should involve reasonable policy instruments to eliminate needless regulatory barriers and provide incentives for the business entities to provide benefits for investing and operating within EIPs, as well as to create minimum environmental standards, oversight, coordination, and implementation mechanisms, and build knowhow around these issues. The proposed instruments are presented below, along with a proposal for the scoping of EIP policy intervention actions as part of the GEIPP – Ukraine Project.

⁸ https://www.unido.org/sites/default/files/files/2018-05/UNIDO%20Eco-Industrial%20Park%20Handbook_English.pdf

⁹ https://www.unido.org/sites/default/files/2016-11/practitioners_guide_to_green_industrial_policy_1_0.pdf



Creating regulatory environment (mandating): EIP policy intervention actions

The MinEconomy is responsible for the initial development and adoption of a **regulatory framework for EIP** policy aimed at shaping a strategic vision of EIPs operating, including the vision into national strategies and planning documents to unite actions of different institutions transparently and effectively, elaborate the law and regulatory basis, EIP requirements, monitoring and control mechanisms, functions of authorities. That includes the function of **the MinEconomy of coordination between policymakers** through the Governmental Working Group for EIP policy development.

Given that environmental and social recommendations for EIPs stand in line with an approximation of Ukrainian legislation to EU legislation, for the introduction of EIP policy the MinEnvironment, the MinEnergy, the State Agency of Energy Efficiency should take an active part in draft EIP laws developing for their interconnection with the sectoral laws in spheres of environment, energy, and resource efficiency, social sphere. It is important to promote by the MinEconomy, the Minenvironment, the Minenergy, the State Agency of Energy Efficiency EIP policy as a practical way of implementing EU directives according to Ukraine – EU Association Agreement and therefore **include provisions for developing EIP policy into such national documents:**

- » The Government's priority annual action plan (when drafted);
- » The State Strategy for Regional Development for 2021-2027 (amendments);
- » The Action plan for implementing the State Strategy for Regional Development for 2021-2027 (*when drafted*);
- » The Strategy for Development of the Industrial Complex of Ukraine up to 2030 (*if further drafted by the MinStrategyIndustry*).

The regulatory system for EIP operating should include background based on international recommendations for EIP which include criteria basis for EIPs in environment, social, park management, economy dimensions (within the Governmental Working Group on EIP policy).

The mandating provisions for EIPs should include:

- » developing the national strategic vision of EIPs developing (as described in the paragraph above));
- » developing amendments to the Law on IP on EIP definition, introducing EIP within the IP system in Ukraine, providing with provisions for the launching of EIPs and possibility of transforming IPs into EIPs;
- » developing of bylaws to the Law on IP to introduce EIP requirements or developing a national EIP standard¹⁰.

To bridge the gaps for the introduction of recommendations for EIPs, it is reasonable to develop **amendments to the Law on IP to prescribe basic statement of EIP and basic provisions (for further establishing requirements by bylaw regulations or through developing EIP standard)**, monitoring and control mechanisms.

Close cooperation of the UNIDO project with the stakeholders should be established. In the process of the Governmental Working Group establishment, it's extremely important from the side of the **UNIDO Project to provide ministries and committees with international recommendations for EIPs to give proper understanding**. Given that the implementation of EIP policy is about regulatory aspects, the information will be required to prepare draft laws and regulations, namely, to justify the adoption, goals, objectives and main provisions, the expected socio-economic and environmental consequences of the law after its adoption, analysis of the regulatory impact on business.

¹⁰ In Ukraine, the procedure for developing national standards is regulated by the Law of Ukraine On Standardization <https://zakon.rada.gov.ua/laws/show/1315-18#Text>, which includes initiating (Article 18) the development of the EIP standard by the MinEconomy before the National Standardization Body (SE "UkrNDNC"), establishing an appropriate technical committee (or act within existing committee which competence correlates with IP or industrial issues), inclusion by SE "UkrNDNC" works on the development of EIP standard to the Annual Program on National Standardization together with defined source of funding for such development (Article 19), development, discussion, adoption of the EIP standard (Articles 20-22). Due to the Article 23, national standards are applied directly or by reference to them in other documents of normative character; national standards are applied on a voluntary basis, unless their application is required by law.

In case of determining the level of recognition of the park as eco-industrial park at the level of normative legal acts on the basis of application of the relevant standard (for receiving state support or for certification in order to attract investors / investments), the conformity assessment procedure will be applied according to the Law of Ukraine On Technical Regulations and Conformity Assessment <https://zakon.rada.gov.ua/laws/show/124-19#Text>. Such procedure will include the designation of conformity assessment bodies (Articles 32-44) in the sphere of the EIP standard, including the need to develop and regulate the conformity assessment procedure for designation of conformity assessment bodies in this sphere (Articles 9-14).



Governance: EIP policy intervention actions

The multi-stakeholder approach will be implemented through the creation of the Governmental Working Group supported by the GEIPP-Ukraine Project that can contribute to foster efficient development of national EIP policies and draft laws and regulations.

Successful implementation of the national EIP framework will depend on the effective governance system of EIP operating, including **EIP planning** and **EIP policy monitoring**.

Such a governance system should cover the national level (the MinEconomy is supposed to unite actions of different bodies, such as the Minregion, the MinFin, the MinEnvironment, the MinEnergy, the State Agency of Energy Efficiency etc. in order to develop and implement legal and regulatory basis) and local level (state regional administrations and local councils (municipalities) in order to ensure implementation of EIP policy practically, onsite). It can be considered to establish a capable **EIP coordinating institution** in the sphere of coordination of the MinEconomy on the national level.

In Ukraine, it is a rather long and complicated process of establishing new governance bodies for certain spheres, therefore, further, it will be reasonable **to concentrate functions of EIP policy implementation within the Investment Department of the MinEconomy** which is responsible for national economic, investment, industrial issues as well as the implementation of IPs policy. Such functions should cover issues connected to qualitative master planning, support of EIP policy implementation, and monitoring, considering the need to provide conditions for effective EIPs operating according to international recommendations which are to be included in national legislation.

The governing system for EIP operating should include prerequisites for EIPs development (according to international recommendations for EIP). **The provisions for establishing a governing system for EIP operating should include:**

- » developing amendments to the Law on IP on establishing EIP master planning and EIP policy monitoring along with collaboration and functions of national and local level authorities to provide EIP master planning and EIP policy monitoring.¹¹

For coordination of EIP policy implementation at the regional level, the **functions** of regional state administrations (and economic and investment departments in their structure) in the sphere of EIP policy can be introduced. This will contribute to the planning and monitoring of EIP policy at the national level, exploring the regional dimension.

The capability, experience, and technical capacity of **Resource Efficient and Cleaner Production Centre**, as well as its regional representatives, can be used for the implementation of the EIP policy.

The background for establishing the strong **EIP association** is the **voluntary network** of IP and EIPs initiators, IP and EIPs management companies, IPs and EIPs participating companies for sharing experience and knowledge exchange (backed up by the GEIPP Ukraine Project).

The international experience shows the need for **pilot EIPs** implementation to provide an exemplary role and to identify prospects for improving EIP policy. Such an approach also was planned by the Concept of IPs creation in Ukraine, as of 2006. It will be reasonable to define the authority responsible for pilot EIPs (e.g. the MinEconomy).

¹¹ Additional options for introducing EIP management system may include (in the case of operational and economic feasibility) the creation of an institution (or entrusting relevant functions to an existing institution (e.g. budget one) to ensure the implementation of EIP policy, as well as creation of network of regional centers for EIP development.



Economic instruments: EIP policy intervention actions

The Governmental Working Group supported by the GEIPP-Ukraine Project will contribute to foster efficient development of economic instruments to support EIP policy implementation.

The Committee of the Parliament on Economic Development involved in formulation of EIP-related policies from the outset, will further **facilitate support and incentives for EIP policy in the parliamentary committees and support the adoption of the EIP draft law by the Parliament.**

The Minregion should understand the EIPs' importance for regional development and therefore to initiate the inclusion of provisions for **EIP support** from the **State Fund of Regional Development** into the **State Strategy of Regional Development** for 2021-2027. **The Minfin** must deeply understand the **benefits of EIP state support** and **tax & customs incentives** in connection to economic growth, budget income forecast, environmental impact and **along with facilitation of the MinEconomy promote and justify** such support from the state budget in the Committee of the Parliament on Budget as well as tax & customs incentives in the Committee of the Parliament on Finance, Tax, and Customs Policy.

When developing the EIP support system, it is necessary to harmonize provisions with the Law on State Support to Business Entities and to coordinate **with the Antimonopoly Committee** of Ukraine.

In Ukraine today, the lack of budgetary support, tax and customs incentives for IPs, and consequently EIP support, may hinder the development of EIPs. It is possible to overcome such an obstacle if the authorities are aware of the benefits of EIP policy. Therefore, it is important to demonstrate to government officials how EIP strategies can help businesses reduce their impact and exceed expectations of local and national regulations, address environmental and social issues, and increase tax revenues to fill state and local budgets. The tax and customs incentives in Ukraine are to be established by laws – the Tax Code of Ukraine and the Customs Code of Ukraine.

The budgetary support may be established through the annual law on the state budget, special budget programs, the state targeted economic programs (e.g. to establish a new targeted state program on EIPs development), and other mechanisms (such as the State Fund for Regional Development) as well as local budget support.

The state economic supporting mechanisms for EIPs should be chosen according to their availability. The provisions for establishing economic supporting mechanisms for EIPs should include:

» developing amendments to the State Strategy of Regional Development for 2021-2027 for introducing EIPs into the perspective of regional growth to obtain budget support for EIPs from the State Fund of Regional Development¹².

Considering identified institutional barriers to promote IPs in Ukraine, during the formation of economic support on a national level (which can be developed within the Governmental Working Group described above) such points will be crucial for its effective development:

- » to identify opportunities for special state program of EIPs support;
- » to provide economic forecasts for EIP development when applying international recommendations;
- » to elaborate instruments with low influence on budgets (e.g. revolving fund);
- » to identify and provide support financial mechanisms that may be obtained with the support of authorities with minimal spending of budget funds (e.g. green bonds);
- » developing amendments to legislative acts establishing support mechanisms to EIPs, incl. backgrounds for obtaining state support and incentives;
- » to involve international and national financial institutions that will be interested in environmental projects with EIPs (e.g. IFC, UkrGasBank);
- » to negotiate with EU and international partners grant funding for environmental projects within EIPs;
- » to elaborate common instruments of local intensives and multiply successful experience (e.g. voluntary environment agreements with local authorities);
- » to involve private sector investors to elaborate incentives mechanisms.

¹² Additional options may include the provision of support from state/local budgets to create the infrastructure of EIPs, providing tax/customs benefits, taking into account the need to comply with the principles of non-distortion of economic competition according to the Law of Ukraine On Protection of Economic Competition <https://zakon.rada.gov.ua/laws/show/2210-14#Text>).



Informational instruments: EIP policy intervention actions

Given that the development objective of the GEIPP – Ukraine Project is to demonstrate the viability and benefits of EIP approaches in scaling up resource productivity and improving economic, environmental, and social performances of businesses, the impact on all groups of stakeholders is to strengthen their capabilities to ensure that they can implement and support EIP policy in a long-term perspective without external dependence.

In this connection, the GEIPP – Ukraine Project is proposed to provide for the EIP stakeholders, including ministerial level and the **Committee of the Verkhovna Rada of Ukraine on Economic Development**, such kinds of support according to its targets within the Project document and taking into account needs to support the implementation of effective EIPs governance, regulatory framework, and instruments of support for EIPs development in Ukraine as well as capability of IPs to transform into EIPs, the capacity of business entities to launch of EIPs and conduct their effective operating, capacity of local authorities to provide local support for EIPs development:

- » **provide policy advisory support** by translating the EIP concept and international experience to introduce into national EIP policy and enabling national and local authorities to implement the EIP policy in a long-term perspective;
- » **raise awareness** among key stakeholder groups in public and private sectors on the benefits of EIPs;
- » provide economic forecast for EIP policy implementation, incl. economic benefits;
- » **capacity-building** of key stakeholders throughout the entire development process of EIPs (technical and non-technical capacities);
- » **provide advice for park management companies** to provide effective planning and monitoring, reach sustainability in park operating, attract investments and participating companies;
- » **provide technical advisory support** to enlarge resource efficiency and industrial symbiosis in existing IPs towards reaching international recommendations for EIPs;
- » **provide performance monitoring** to estimate progress towards EIPs according to set objectives and demonstrate environmental, economic, and social outcomes.

The capability, experience, and technical capacity of **RECPC** can be used for the implementation of the EIPs informational support.

Within the policy development component of GEIPP – Ukraine Project, it essential **to create technical and motivational capacity for policy-makers** to understand the benefits of implementing EIP policy in Ukraine, barrier removal awareness, including EIP policy in strategic and planning governmental documents, supporting changes in policy frameworks including the development of legislative and regulatory provisions (amendments). Based on the mentioned perspective and results of interviews, the informational needs of the GEIPP – Ukraine key stakeholders (policymakers) are as follows¹³:

- » basic knowledge of EIPs, the purpose of creation of EIP, benefits, impact on the national economic growth (industrial competitiveness, job creation, climate change mitigation and adaptation, master planning);
- » international experience of EIP policy implementation (case studies), the experience of bridging gaps for introducing EIP policy in GEIPP countries;
- » international experience of EIP governing in GEIPP countries (for developing proposals on governing EIPs in Ukraine);
- » international experience of supporting mechanisms and incentives for EIPs;
- » economic analysis and forecast (feasibility study) for implementing EIP policy in Ukraine, incl. analysis of regulatory impact; economic justification of providing supporting mechanisms and incentives for EIPs in Ukraine (for justification of drafting legislation and providing finance and economic incentives according to Dec. 95014);
- » opportunities to apply the international recommendations for EIPs in Ukraine.

¹³ According to the results of interviews with representatives of stakeholders and international experience UNIDO “An international framework for Eco-Industrial Parks” (December 2017)

¹⁴ <https://zakon.rada.gov.ua/laws/show/950-2007-%D0%BF#Text>



The proposed instruments presented above mentioned about **the Governmental Working Group** (working unit) which shall be supported by the GEIPP – Ukraine Project. Based on the complex, multidimensional nature of EIPs and the UNIDO Implementation Handbook for Eco-Industrial Parks (2017)¹⁵, a multi-stakeholder approach should be applied. This approach determines that proper communication and awareness of all stakeholders increases the likelihood of successful implementation. EIP policy is crosscutting, so its formation, implementation and monitoring require a high level of interdepartmental cooperation both with the government and with representatives of IP, business and civil society. Therefore, within the Stakeholders Assessment Report developed within the GEIPP Ukraine Project, it was recommended to create the Governmental Working Group (working unit) supported by the GEIPP-Ukraine Project (which to be created by official order of the Ministry of Economy of Ukraine) which is a good practice and can foster efficient development of national EIP policies and draft laws and regulations.

According to the mentioned proposal of the GEIPP Ukraine Project, on May 5th, 2021 the Governmental EIP Policy Working Group was officially established by the MinEconomy. The main objective of the Working Group is to draft legislation and amendments to the existing policies to create the national EIP policy. The Working Group will focus on international practices of EIP policy development and implementation; analysis of IP legislation linked to environmental protection, investment attraction, industrial and regional development, and financial support; creation of the national EIP policy vision and roadmap; drafting amendments to the legislation.

The Working Group comprises the following members: Ministry of Economy, Ministry of Environmental Protection and Natural Resources, Ministry of Energy, Ministry of Finance, Ministry of Territories and Community Development, Ministry of Education, State Agency of on Energy Efficiency and Energy Saving, European Business Association, Chamber of Commerce, Federation of Trade Unions, Federation of Employers, Association of Ukrainian Cities, Investment Support Office, and GEIPP Ukraine Project.

The first meeting of the EIP Policy Working Group was arranged and held on June 23 in the premises of the Ministry of Economy of Ukraine. The participants approved the Policy Action Plan that will serve as a basis for the EIP Policy Working Group activities.

The Governmental Working Group **will become the main developer of draft legislation**, namely:

- » analysis of the status quo in the sphere of legal regulation;
- » preparing economic, ecological, commercial, financial, technical analysis and information;
- » coordination with the competent bodies;
- » preparing the working concept of draft legislative decisions for implementing Eco-Industrial Parks' policy in Ukraine;
- » developing draft law(s)/regulations for implementing Eco-Industrial policy in Ukraine;
- » evaluation of compliance with Ukraine's international obligations and the main provisions of EU legislation;
- » analysis of draft legislation regulatory impact;
- » resolution of contradictory views on draft legislation via holding discussions at the ministerial level
- » carrying out expert assessments and conclusions;
- » providing support to official procedures (see below) of conciliation with all competent bodies during obligatory consequence procedures within the Government;
- » providing support (see below) to official procedures of expertise by the main and secondary parliament committees, preparation drafts for consideration by the Parliament during obligatory procedures within the Parliament;
- » support collaboration with all the related bodies, constantly updating provisions of the draft laws on all stages (if needed).

¹⁵ https://open.unido.org/api/documents/7523639/download/UNIDO%20Eco-Industrial%20Park%20Handbook_English.pdf

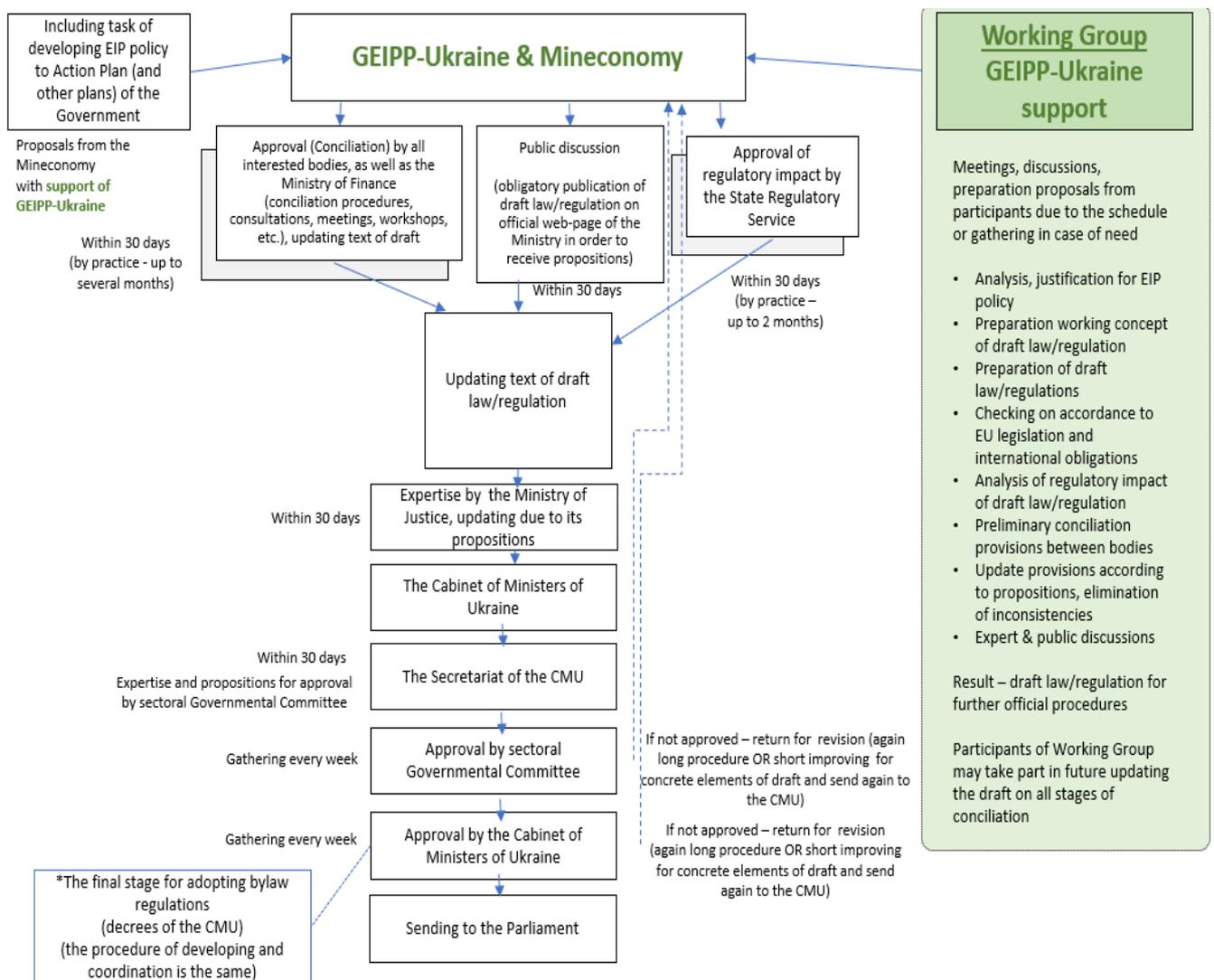


For effective communication inside the GEIPP Ukraine Project, it is important to approve key milestones, plans, main provisions of draft legislation, achievements, and problems by the Steering Committee of the GEIPP Ukraine Project (every half a year).

The activity of the Governmental Working Group envisages **close cooperation during official procedures** illustrated in figures 1 and 2, which carried out following the Rules of Procedure of the Cabinet of Ministers of Ukraine¹⁶ and the Rules of Procedure of the Verkhovna Rada of Ukraine¹⁷. That includes **inputs, expert & public discussions** during mandatory cooperation with state bodies, obligatory **public consultations, updating provisions** of drafts on all stages of law procedures in the Government (figure 1) as well as in the Parliament (figure 2).

Within figure 1 the procedure of Governmental regulations adoption and law approval on behalf of the Government is prescribed.

Figure 1: The procedure of approval draft laws and regulations by the Government of Ukraine



¹⁶ <https://zakon.rada.gov.ua/laws/show/950-2007-%D0%BF#Text>

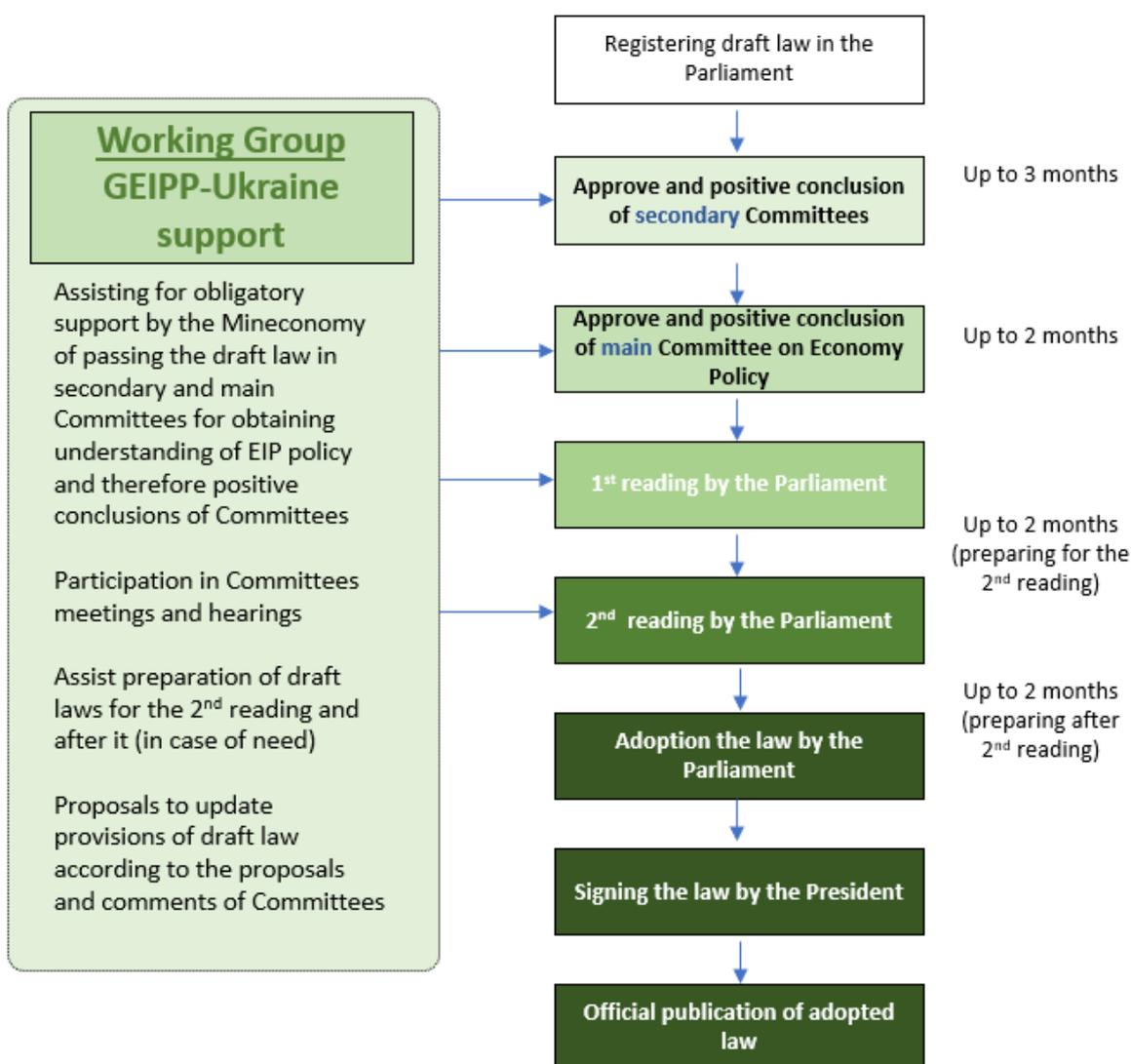
¹⁷ <https://zakon.rada.gov.ua/laws/show/1861-17#Text>



The procedure is also exhaustive for adoption regulations by the Government. As for the law adoption, the procedure results in the approval of draft laws by the Government and their submission to the Parliament (figure 2).

Draft laws and regulations of the Government are prepared based on and following the Constitution and laws of Ukraine, acts of the President of Ukraine, resolutions of the Verkhovna Rada, acts (action plans, strategies) of the Cabinet of Ministers, instructions of the Prime Minister, and by the initiative of central executive bodies, state collegial bodies. *To date, the eco-industrial park's policy is to be developed within the Government of Ukraine adopted the National Economic Strategy by 2030 as of March 3, 2021, which is mentioned above.*

Figure 2: The procedure of adopting laws by the Parliament of Ukraine



Within figure 2, the procedure of law adoption is prescribed shortly and the timeline rather shows approximate terms for consideration being indicated optimally, and taking into account formal procedures and practical actions needed for official registration of documents and their preparation by the Secretariats of Committees, meetings of the Committees, and Members of the Parliament, the Office of the Parliament



due to the Law of Ukraine on the Rules of Procedure of the Verkhovna Rada of Ukraine¹⁸ (hereinafter – the Procedure).

The Procedure prescribes terms for considering draft laws submitted to the Parliament by the main and secondary Committees¹⁹, as well as terms of consideration by the Parliament in the 1st reading.

Each draft law after its submission to the Parliament is to be sent to the Cabinet of Ministers of Ukraine by a Committee responsible for budget issues no later than within 3 days for examination of its impact on budget indicators and compliance with the laws governing budget relations. An alternative draft law may be introduced no later than 14 days after the date of submission to the deputies of the first draft law on the relevant issue.

The main Committee shall, no later than within 30 days, preliminarily consider the draft law and adopt a conclusion on the expediency of including it in the agenda of the session of the Parliament. The conclusion of the main Committee is accompanied by the conclusions of the secondary Committees, the subjects of which include issues of budget, anti-corruption, and assessment of compliance with international legal obligations of Ukraine in the field of European integration, which must be submitted to the main Committee within 21 days after receiving the draft to provide an opinion.

For the draft laws including EIP-related provisions, the Committee of the Verkhovna Rada of Ukraine on Economic Development²⁰ is the main one (except tax and customs preferences). The Committee supports the necessity of the development of IP and initiated draft laws on tax and customs preferences in 2020. Therefore, the Committee will protect the interests of EIPs policy in the Committee on Finance, Tax and Customs Policy (the Committee on Economic Development is a secondary one for the consideration of tax and customs preferences).

The draft law also to be sent by the Parliament for scientific, legal, or other examination, information, or research; the subject and purpose of examination, search, research must be clearly defined. Draft laws that have a systemic character are to be sent to the National Academy of Sciences of Ukraine for expert opinions. Some draft laws can also be sent for expert opinions to the Government, relevant ministries, other state bodies, institutions, and organizations, or individual specialists (expert conclusions must be submitted to the Verkhovna Rada within 14 days).

Draft laws can be considered by the Verkhovna Rada by the procedure of three readings (in practice, there can be only one or two readings, as well as repeated first/second readings).

There is a 14-days term for submitting proposals to the draft law approved in the 1st reading to prepare it for the 2nd reading. At the same time, the term for consideration in the 2nd reading, as well as term for preparing draft law for the 2nd reading, is not indicated.

The draft law, which is being prepared for the third reading, is amended within 5 days after the day of the previous reading. The draft law prepared for the third reading, together with the opinion of the main committee and other accompanying documents on it, shall be submitted to the Members of the Parliament not later than five days before the day of its consideration.

¹⁸ <https://zakon.rada.gov.ua/laws/show/1861-17#Text>

¹⁹ According to the legislative procedure, there are the main Committee and the secondary ones. The main Committee generalizes solutions on the draft laws of the secondary Committees. For example, refer to the sphere of industrial parks (and therefore eco-industrial parks) the main is the the Committee of the Verkhovna Rada of Ukraine on Economic Development due to its competence. And the secondary ones are the Committee of the Verkhovna Rada of Ukraine on Finance, Taxation and Customs Policy, the Committee of the Verkhovna Rada of Ukraine on Budget, the Committee of the Verkhovna Rada of Ukraine on Environmental Policy and Nature Management which will take part in developing conclusions on certain draft laws in sphere of eco-industrial parks due to their competences (the list of the secondary committees mentioned here is not exhaustive).

²⁰ <http://komprompol.rada.gov.ua/>



The adopted law is to be signed by the Chairman of the Verkhovna Rada within five days. Within fifteen days after receiving the law, the President of Ukraine shall sign it to accept for implementation, and officially promulgate it or return the law with his motivated and formulated proposals to the Parliament for reconsideration.

In table 1, the Policy Action Plan on Eco-Industrial Parks Development in Ukraine is proposed. The steps and actions for EIP policy development and implementation are based on the Vision-Theory of change according to Practitioner’s Guide to Strategic Green Industrial Policy (2016), and the table is based on the Policy Tool developed for GEIPP.

During interviews with representatives of stakeholders it was outlined that for conditions in Ukraine the most suitable is to integrate of EIP topics and issues into existing policies and governmental programmes as a part of IP policy with certain requirements, support instruments and informational support.

According to the results of discussion with key stakeholders, the **policy instruments for implementing EIP policy** in Ukraine were identified as follows:

- » integration of EIP policy into existing policies (including laws and regulations) and governmental programs and action plans is seeming as most appropriate;
- » the regional authorities are to be the most interested parties of IP development on their territory and should give more support to IP development.

Table 2: Proposal for the Policy Action Plan on Eco-Industrial Parks Development in Ukraine

#	Selected EIP policy interventions and/or instruments	Rationale	#	Actions	Responsible	Timing
1	Engage stakeholders	Many stakeholders in Ukraine influence the formation and implementation of EIP development policy. These include central government institutions with extensive sectoral competencies, local government, individual entrepreneurs and businesses, and financial institutions.	a	Stakeholder mapping and categorization	GEIPP – Ukraine	December 2020
			b	Stakeholder consultations	GEIPP – Ukraine	through the Project implementation
			c	Analysis of national policy for consistency with EIP objectives	GEIPP – Ukraine	February 2021
			d	Develop capacity-building and awareness-raising activities	GEIPP – Ukraine	through the Project implementation
2	Developing the roadmap and a national vision for EIP policy	Lack of conceptual vision, national goal/s for EIP policy in the country, including concomitant economic, environmental, and social benefits and opportunities for industrial development	a	Establishment of the Governmental Working Group to develop a policy for eco-industrial parks in Ukraine	MinEconomy, GEIPP – Ukraine	April-May 2021
			b	Review of existing international recommendations and related to EIP criteria in comparison to national conditions	GEIPP - Ukraine, MinEconomy, Governmental Working Group	June-September 2021
			c	Developing a roadmap for the implementation of the EIP national policy	GEIPP - Ukraine, MinEconomy, Governmental Working Group	August-November 2021
			d	Developing proposals for a national vision (concept) of EIP policy	GEIPP - Ukraine, MinEconomy, Governmental Working Group	August – November 2021
			e	Developing of economic analysis and forecast (feasibility study) for	GEIPP - Ukraine, MinEconomy	July- December 2021



#	Selected EIP policy interventions and/or instruments	Rationale

3	Developing proposals for inclusion in Government action plans and strategies of measures of the EIP policy	Undefined government action plans for the implementation of eco-industrial parks policy at the national level
---	--	---

4	Development of a regulatory base on eco-industrial parks (law on amendments to existing laws, incl. draft Law on amendments to the Law on Industrial Parks which is a basic one). Developing provisions for the implementation of criteria for eco-industrial parks (normative provisions or EIP	Lack of basic legal framework for EIP policy implementation. Lack of regulations for EIP policy implementation including criteria and requirements for EIPs
---	--	---

#	Actions	Responsible	Timing
	implementing EIP policy in Ukraine ²¹		
f	Conducting a nationwide survey on readiness for EIP implementing	GEIPP - Ukraine, MinEconomy	November 2021 – January 2022

a	Inventory of Government action plans (and strategic documents) to identify the possibility of including EIP policies in Government action plans	MinEconomy, GEIPP - Ukraine, Governmental Working Group	November – December 2021
b	Development of EIP action plans for inclusion in government action plans based on the EIP conceptual vision within the Governmental Working Group	MinEconomy, GEIPP - Ukraine, Governmental Working Group	November 2021
c	Approval of the developed draft provisions of Government action plans at the meeting of the Governmental Working Group and their submission to the MinEconomy for official approval (according to the procedure in figure 1)	MinEconomy, GEIPP - Ukraine, Governmental Working Group	December 2021

a	Developing of a draft Law on amendments to the Law on Industrial Parks which is a basic one to introduce basic legal provisions on EIP operating	MinEconomy, GEIPP - Ukraine, Committee of the Parliament on Economic Development, Governmental Working Group	December 2021 – March 2022
b	Developing draft regulations (sub law) to introduce criteria for eco-industrial parks	MinEconomy, GEIPP - Ukraine, Committee of the Parliament on Economic Development, Governmental Working Group	December 2021 – March 2022
c	Expert & public discussions on draft legal and regulatory provisions, revision of draft regulatory provisions by results of expert discussion	MinEconomy, GEIPP - Ukraine, Committee of the Parliament on Economic Development, Governmental Working Group	December 2021 – March 2022
d	Approval of the developed draft law provisions at the meeting of the Governmental Working Group and their submission to the MinEconomy for official approval by the Government	MinEconomy, GEIPP - Ukraine, Committee of the Parliament on Economic Development, Governmental Working Group	April 2022

²¹ By the MinEconomy request



#	Selected EIP policy interventions and/or instruments	Rationale	#	Actions	Responsible	Timing
	standard ²²) and provisions for the implementation of EIP planning of eco-industrial parks (bylaws)			(according to the procedure in figure 1)		
			e	Support of draft laws consideration in the Parliament (according to the procedure in figure 2)	MinEconomy, GEIPP - Ukraine	April 2022 – until adopted
			f	Official procedures on adopting the criteria for EIPs	MinEconomy	After adopting the Law, 2022
5	Developing proposals for instruments to support the policy of eco-industrial parks	Lack of legal framework for EIP policy economic instruments for support development of EIPs in Ukraine	a	Developing proposals for economic instruments to support the policy of eco-industrial parks (incl. actions in paragraph “Economic instruments: EIP policy intervention actions”)	MinEconomy, GEIPP - Ukraine, Minregion, Committee of the Parliament on Economic Development, Governmental Working Group, Committee of the Parliament on Finance, Taxation and Customs Policy, Committee of the Parliament on Budget	April-July 2022
			b	Expert & public discussions on proposals for instruments to support the policy of eco-industrial parks	MinEconomy, GEIPP - Ukraine, Minregion, Committee of the Parliament on Economic Development, Governmental Working Group, Committee of the Parliament on Finance, Taxation and Customs Policy, Committee of the Parliament on Budget	August 2022
			c	Approval of the proposals for instruments to support the policy of eco-industrial parks at the meeting of the Governmental Working Group and their submission to the MinEconomy for official approval and support of the Government's adoption (according to the procedure in figure 1)	MinEconomy, GEIPP - Ukraine, Minregion, Committee of the Parliament on Economic Development, Governmental Working Group, Committee of the Parliament on Finance, Taxation	September - December 2022

²² In case of using the option of introducing a national EIP standard (based on the results of an expert discussion, or an authorized state body in the field of industrial parks, or the decision of the established Governmental Working Group on EIP policy development, etc.), the procedure for developing a national standard will be based on the Law of Ukraine On Standardisation. In the case of determining by law/regulations the recognition of the park as eco-industrial park on the basis of the application of EIP standard, it will be needed to fulfil the conformity assessment procedure in accordance with the Law of Ukraine On Technical Regulations and Conformity Assessment (see paragraph “Regulatory environment (mandating): EIP policy intervention actions”).



#	Selected EIP policy interventions and/or instruments	Rationale	#	Actions	Responsible	Timing
					and Customs Policy, Committee of the Parliament on Budget	
			d	Support of draft laws consideration in the Parliament if needed (according to the procedure in figure 2)	MinEconomy, GEIPP - Ukraine	January 2023 – until adopted
7	Implementing and monitoring of EIP policy, improving law and regulatory provisions	The national EIP policy adopted within laws and regulations is to be supported for its effective implementation, the regulatory base is to be revised as a result of its practical implementation	a	Conducting national master planning for EIPs establishing in different regions of Ukraine	MinEconomy, regional state administrations, GEIPP - Ukraine	January – April 2023
			b	Conducting negotiations with financial/donor institutions to launch support mechanisms, attract investments into EIPs	MinEconomy, UkraineInvest	2022 – 2023
			c	Implementing state support mechanisms for EIPs	MinEconomy, Minfin	Since January 2023
			d	Implementing monitoring procedures for EIP policy: developing forms of monitoring reports, their official adoption, developing instructions for filling in reporting forms, gathering information	MinEconomy, GEIPP - Ukraine	March – June 2023
			e	Developing proposals on improving law and regulatory provisions according to the practical experience of EIP policy implementation	MinEconomy, GEIPP - Ukraine, Governmental Working Group	June – October 2023
			f	Approval of the proposals for instruments to support the policy of eco-industrial parks at the meeting of the Governmental Working Group and their submission to the MinEconomy for official approval and support of the Government's adoption (according to the procedure in figure 1)	MinEconomy, GEIPP - Ukraine, Governmental Working Group	November 2023
			g	Support of draft laws consideration in the Parliament if needed (according to the procedure in figure 2)		December 2023 – until adopted

The timing in the Policy Action Plan on Eco-Industrial Parks Development in Ukraine shows the potential period needed for certain actions and may be used for planning of policy development within GEIPP – Ukraine without concrete using of the proposed dates. The procedures and timing in the Policy Action Plan were estimated according to the official procedures and stages of adoption of laws and bylaws regulations (divided into levels of the Government and the Parliament procedures), which carried out following the Rules of



Procedure of the Cabinet of Ministers of Ukraine²³ (figure 1) and the Rules of Procedure of the Verkhovna Rada of Ukraine²⁴(figure 2). That includes inputs, expert & public discussions during mandatory cooperation with state bodies, obligatory public consultations, updating provisions of drafts on all stages of law procedures in the Government as well as in Committees of the Parliament.

The approach to developing a proposal for EIP policy action planning in Ukraine is based on “A Practitioner's Handbook for Eco-Industrial Parks (September 2018)” which consists of the creation of mandating regulatory instruments, developing a national approach for EIPs, developing an updated EIP policy framework for its integration into existing national policies and regulations and include main steps:

- » **Engage stakeholders and secure commitment** (stakeholder mapping and engaging, policy vision and goals, capacity-building and awareness-raising)
- » **Diagnostics** (technical analysis of IPs, policy and regulatory analysis, institutional analysis, analysis of financial needs)
- » **Developing a national EIP roadmap** (policy & regulatory reform, establish governance structures and coordinating agencies, determine financing mechanisms)
- » **Launch, monitor, and evaluate** (monitoring, reporting, and verification, scale-up, and mainstream EIP programs)

According to the conclusions of the Policy Analysis Report GEIPP – Ukraine, the development of EIP policy in Ukraine could usefully and should therefore ideally be based on the existing regulatory base for industrial parks (such as basic Law of Ukraine on Industrial Parks²⁵), providing additional regulations, support, and criteria for EIPs based on UNIDO international framework. The main gaps in Ukraine's general national conditions related to the international recommendations for EIPs are that the legal provisions on IPs include prerequisites for their industrial development and investment, although the economic conditions for effective EIPs operating do not differ from the general conditions of doing business. Also, there are no environmental and social requirements for IPs along with the absence of the national vision for creating an effective national system of IPs, including the absence of national planning for IP development and rather formal monitoring on a national scale. In this context, the implementation of international recommendations for EIPs and EIP policy will contribute to the systematization of IP and EIP development at the national scale.

²³ <https://zakon.rada.gov.ua/laws/show/950-2007-%D0%BF#Text>

²⁴ <https://zakon.rada.gov.ua/laws/show/1861-17#Text>

²⁵ <https://zakon.rada.gov.ua/laws/show/5018-17#Text>



3. CONCLUSION

The effective development and implementation of Eco-Industrial Park's policy in Ukraine should be based on relevant action planning, therefore, the Policy Action Plan on Eco-Industrial Parks Development in Ukraine was developed to provide a sequence of actions to bridge the gaps and overcome barriers identified concerning international recommendations for EIPs and provide relevant interventions on a national scale.

The Policy Action Plan on Eco-Industrial Parks Development in Ukraine contains steps on working with legislation to close the existing policy gaps for the successful establishment and functioning of eco-industrial parks in Ukraine.

The Policy Action Plan is to be yearly revised/updated based on different scenarios of political and economic developments in Ukraine and presented at the meetings of the Steering Committee of the “Global Eco-Industrial Parks Programme – Ukraine: Country-level intervention” project.



