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|  | **PRESS RELEASE** |  |

# IBI-Rating has affirmed the credit rating and the rating of investment attractiveness of Sumy city

National rating agency IBI-Rating informs on affirming of the credit rating of Sumy city at **uaA-** grade with an **«evolving»** outlook and the rating of investment attractiveness at **invA-** grade.

**Such rating grades represent** the high ability of the city to pay off its financial commitments and high investment attractiveness. **The «evolving» outlook**, with the highest probability, implies of rating changes during the year. It is due to increased uncertainty regarding the actions of authorities and entities in case of aggravation of the epidemiological situation in Ukraine and the world. **The notation** **«-»** indicates an intermediate rating category relative to the main category.

**Were taken into account:**

1. The structure of the economic complex of the city and the dynamics of key indicators

Sumy city has a sufficiently powerful industrial complex, which provides additional competitive advantages among other Ukrainian cities. The amount of industrial products sales per capita significantly exceeds the indicator for Ukraine (according to the results of 2019, this excess amounted to 40.64%). In 2019, compared to the previous year, there was a further increase in a number of socio-economic development indicators: the volume of foreign direct investment increased by 10.18% - to USD 108.17 million, commissioning of housing by 2.15% to - 66.4 thousand m2, freight turnover by 114.74% - to 362.70 million tons km, export of goods by 10.29% - to USD 348.41 million.

2. Competitive advantages and disadvantages in comparison with other cities of the country

Key government authorities of the oblast are localized in Sumy. In addition, the city has good logistics, strong human resources (Sumy concentrates the main higher and secondary specialized educational institutions in the region) as well as a developed service, communal and social infrastructure. At the same time, competition for business and the cost of labor resources is lower, compared to the capital and majority regional centers of Ukraine.

3. Efficiency of financial policy and budget indicators

In 2019, the Sumy city budget was received UAH 2.99 billion, while own revenues for the period increased in 8.80%. Sumy city budget revenues are moderately diversified by sources and payers. Budget Tax Capacity (PIT per capita) in Sumy city is higher than the national average. As a result, the city budget remains a donor budget, including a reverse transfer to the state budget - UAH 111.09 million for 2019, which is in 27.25% more than in 2018.

4. The sensitivity of the budget and the city economy to the impact of negative factors

The debt burden on the city budget remains low, which allows the city authorities to allow on additional financial resources (including credit) to finance socio-economic development of the city and infrastructure projects. Thus, the ratio of the debt burden (which consists of 97.9% of arrears on medium-term loans raised from the single treasury account in previous budget periods, and repayment of which, in accordance with paragraph 21 of the Budget Code of Ukraine, is not required by law) to the amount of own revenues of the budget of Sumy for 2019 amounted to 4.48%. Based on the amount of planned revenues for 2020, according to the results of the current year, the debt burden is expected to decrease to 3.18%.

According to the Agency, the impact of negative factors on the economy and financial capacity of the city remains moderate - the industrial complex partially adapted to the risks that arose in connection with the military conflict in eastern Ukraine and the introduction of trade restrictions between Ukraine and the Russian Federation. At the same time, the risks to the city's economy and budget have increased due to the expected reduction in the revenue base in 2020, due to the introduction of quarantine restrictions and changes in legislation in the framework of actions aimed at combating Covid-19.

5. Actions of local authorities to increase the investment potential of the city

Since 2011, the procedure for submission, review and tracking of investment projects on the principle of «Single Investment Window» has been launched. The Council for Attracting Investments in the Economy of Sumy under the Mayor is functioning. In order to provide favorable conditions for attracting investment in the economy, intensifying economic development and increasing the investment attractiveness of the city, work is being done to create the Sumy Industrial Park. Sumy City Council decided to create the Sumy Industrial Park and approve the concept of its development.By the order of the Ministry of Economic Development, Sumy Industrial Park is included in the register of industrial parks of Ukraine. In addition, significant work has been done to increase publicity and improve the investment climate.

In order to conduct the analytical research the materials obtained from Sumy city have been used, including: indicators of the social and economic development, statistical data, treasury statements, program materials, other necessary internal information, as well as the information from the public sources, which the Rating agency considers credible.

**Municipal department**

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