|  |  |  |
| --- | --- | --- |
|  | **logoIBIRating_newlight1,5** |  |
|  | **Press Release** |  |

**IBI-Rating has affirmed the credit rating and the rating of investment attractiveness of
Sumy city united territorial community**

National rating agency IBI-Rating informs on affirming of the credit rating of Sumy city united territorial community (Sumy city UTC) 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 and the dynamics of key indicators

Sumy city UTC has a powerful industrial complex, the volume of sales of industrial products per 1 person significantly exceeds the same figure for Ukraine as a whole (according to the results of I half of 2021 this excess was 21.4%).

Small business plays a significant role in the community economy. During 2020, 133 medium-sized enterprises (4.1% of the total number of enterprises in the city) and 3,092 small enterprises (95.9% of the total number) operated on the territory of Sumy city UTC, of which 2,660 were micro-enterprises.

Sumy city UTC has a developed retail network. The index of the physical volume of retail turnover in the first half 2021 amounted to UAH 17.2 thousand, which exceeds the figure for Ukraine as a whole (UAH 11.51 thousand). The foreign trade turnover of goods per person in Sumy in January-June 2021 amounted to USD 1,409.29, which also exceeds the figure for Ukraine as a whole.

The rate of commissioning of housing per 1 person in Sumy according to the results of the first half 2021 amounted to 0.17 m2 (against 0.12 m2 in Ukraine as a whole).

2. Effectiveness of financial policy and budget indicators

According to the results of the first half of 2021, the community budget revenues amounted to UAH 1,460.01 million, which is 53.7% of the approved plan for the year. Revenues by 17.4% exceeded revenues for the same period last year. Own budget revenues in the first half of 2021 amounted to UAH 1,162 million (+UAH 252.7 million or +27.8% compared to the first half of 2020).

Community budget revenues are moderately diversified by sources and payers. The share of taxes paid by the TOP-20 taxpayers in January-June 2021 amounted to 24% of the total tax revenues received by the community budget.

The amount of community budget revenues for 6 months of 2021 per 1 inhabitant amounted to UAH 4.5 thousand, which exceeds the figure for Ukraine as a whole (UAH 4.1 thousand). The tax capacity of Sumy city UTC budget (PIT per capita) is higher than the national average, so the budget remains a donor budget, transferring to the state budget a reverse subsidy of UAH 50,435.4 thousand for the first half of 2021.

The debt burden on the budget of Sumy city UTC remains low, which allows the city authorities to count on additional financial resources to finance socio-economic development activities and infrastructure projects. The ratio of consolidated debt of the Sumy city UTC to its own revenues for the first half 2021 was 15.17%, to the planned revenues for 2021 - 8.0%.

3. Investment potential

Sumy city has a developed system of transport service. There is a large railway station in the city; 2 highways of national importance and 2 highways of regional significance pass through the city. There is a bus station, which serves 250 carriers and carries out dispatch control of the movement of buses on regular routes and from which international and intercity transportation is carried out. There is also a suburban bus station. The Sumy airport is located within the city limits (it is in the communal ownership of the Sumy Regional Council), which operates in the mode of private transportation.

The Sumy city UTC has a powerful staff potential. At the same time, competition for business is lower in comparison with the capital and most regional centers of Ukraine. There is a developed trade, industrial and business infrastructure. Work is underway to create the «Sumy» Industrial Park.

On the territory of the Sumy city UTC, there is a Target Program for Supporting Small and Medium-Sized Businesses of the Sumy city united territorial community for 2020-2022. Most of the local tax rates are below the maximum level stipulated by the legislation, which creates conditions for the development of entrepreneurship. Considerable attention is paid to measures for improving the energy efficiency of the municipal economy, primarily in the public sector.

Work with potential investors is effectively organized, there is a positive experience in the implementation of investment projects with the involvement of funds from international financial and donor organizations. Sumy city received a positive assessment of Local Economic Development Plan from the World Bank and the title of "Full Participant" of the Club "Mayors for economic growth".

In order to conduct the analytical research the materials obtained from Sumy City Council 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**

For more information please contact:

Press service of IBI-Rating

(044) 362-90-84

press(at)ibi.com.ua