

## EXECUTIVE SUMMARY

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Executed by

ATM Trade Management



Along with the international community Ukraine took the obligations on implementing the Sustainable Development Goals and the Green Deal agenda. The international programs that are implemented in Ukraine increasingly include environmental components in cities and communities in their agenda. For many Ukrainian cities the current agendas include air pollution, water purification, waste management, transport and parking infrastructure, city lighting. However the “city greening” in the sense of this report - urban landscaping and creating of green areas is also part of the agenda, although not among the top priorities.

The obligations towards the international partners on realisation of “green ambitions” also contribute to raising the public awareness about the role of public greening in improving the living standards in the cities and settlements and create the platform for the dialogue between authorities, civil activists, business, knowledge institutions and sector organizations.

Although the public greening legislation which can serve the current and new ambitions is still under development, and the sector lacks concrete guidance, standards and unified recommendations, the knowledge level of the local authorities is growing, mainly thanks to the support of international donor projects and training programs. The majority of local communities and cities are currently developing their spatial planning with the focus on preserving the already existing and creating the new public green places. This is further aided by many local public initiatives across Ukraine where citizens actively lobby development of the green areas in their cities and settlements as well as protecting the existing parks from construction.

Based on the analysis of the current projects in Ukraine the international cooperation is focused on capacity building, development of strategies and action plants, assistance in adaptation of the public greening sector to the international goals, climate change which affects many regions in Ukraine and growing urbanization.

While the public sector is in the stage of transformation, the available experience and international links of private sector players is very solid and up-to-date. The business relations between Ukrainian and European (Dutch) companies are very close. The market of Ukraine has not much room for the top segment due to its high price which is rarely affordable for the Ukrainian customers. At the same time the Dutch planting material has a significant share on Ukrainian market whether imported directly or via neighbouring countries/suppliers. Where the Dutch has a strong market position it is in design, architecture, growing technologies and complex projects with many integrated components. This is reflected in the private initiatives (parks, residential areas, commercial buildings etc.) which significantly increased their market cost with the help of the landscape design.

Unfortunately the current legislation cannot fully protect the existing green areas in the cities from the real estate projects but the idea is that the new laws and developed spatial planning will help to control this area.

The current state of transformation of the public sector is also caused by the Reform of Decentralisation of the Government, which transfers a significant part of powers, resources, and responsibility from the executive branch of the government to the bodies of local self-government. Meanwhile, the major package of new legislation has been developed and become effective. The new model of financial support to local budgets has proved to be effective, with budgets obtaining autonomy to a certain extent and independence from the central budget. Municipal budgets for urban greening have increased significantly in Ukraine after decentralization reform as well, based on estimation of the market players to total around 50 million Euro per year. The market for commercial urban greening projects is similar in size. These figures are estimated to remain relatively stable in the coming years. In coming years in view of realisation of the projects like EBRD Green City, it is expected that international financial instruments will be available for the sector as well. The momentum in the market for urban greening goods and services currently is a very positive one.

Obstacles however do exist. Given the complexity of the local regulatory framework, approval and control procedures, tender procedures it is challenging for foreign companies to enter the Ukrainian market. Local partners are needed to enter the market successfully, arrange the proper introduction to local political circles and provide warm contacts in the sector. The selection of the region, city, project shall be done in cooperation with local partners as there are differences in available budgets and ease of doing business. The special attention is to be paid to the significant climate and weather difference between the Netherlands and some regions of Ukraine. In these conditions the success of realization of the projects will require adaptation and close cooperation with local agronomists.

In conclusion, the fact that the majority of supplies to urban greening projects already comes from The Netherlands, Belgium and Germany shows that the market is wide open to those that take the effort, do the homework and are ready to develop partnership and not only trade relations.

Companies entering the market will be most successful in doing so when using the following guidelines:

#### FOLLOW THE TREND

There is a clear opportunity for companies that offer perennial plants, decorative grasses, alley trees and hedge plants. Demand for irrigation technology and technology for rooftop and vertical greening will be increasing the coming years. International landscaping architects will find it harder to get a foot between the door, but can be successful when teaming up with local urban architects.

#### PARTNERSHIPS WITH LEADING UKRAINIAN NURSERIES

Given the complexity of the market Dutch exporters will have to build partnerships with local nurseries. They will grow young Dutch planting material to maturity over a 1-3 year period before being supplied to urban greening projects. More exclusive mature material will be supplied directly from The Netherlands for specific projects. The Dutch side has to be ready to invest significantly in promoting their product in the market together with the Ukrainian nurseries. As the knowledge level in the market is generally high, preparation has to be solid. Participation in the yearly events of the sector associations will give good exposure to a wide range of sector

players, including municipal greening departments (Zelenbud), architects and management from across Ukraine. The most efficient way for the Dutch companies to participate in urban landscaping tenders through the nationwide ProZorro tender platform is in partnership with the local nurseries. Also, the local nurseries will be able to give guidance to import procedures.

#### COOPERATION WITH LOCAL LANDSCAPING ARCHITECTS

For entry onto the Ukrainian market cooperation with the main Ukrainian landscaping architects association will be an effective tool. Specialized urban landscaping architects are still relatively few and are listed separately in the appendix to the study.

#### “FLOWER EXPO UKRAINE” EXHIBITION / SECTOR CATALOGUE

“Flower Expo Ukraine” is the key annual sector exhibition in Ukraine in the horticulture and floriculture sector. This is a platform for cooperation and an excellent network opportunity for local and international suppliers of cut flowers, ornamentals, perennials, decorative materials, landscape designers, florists etc. The majority of participants are from the Netherlands. The organizers of the exhibition is a Dutch company Nova Exhibitions B.V. ([www.flower-expo.ukraine.com](http://www.flower-expo.ukraine.com)).

Another effective marketing tool is an annual Ukrainian “Garden Industry” catalogue. It has a printed and online version. ([www.gardenindustry.org](http://www.gardenindustry.org))

#### SEMINARS FOR ZELENBUD LANDSCAPING ARCHITECTS

Decisions on public urban greening projects are made by city councils and their executive offices Zelenbud, but landscaping architects play an important role in guiding decisions on planting material and project concepts. During this study frequently it has been underlined that training and seminars for this group is an effective tool to promote new types of planting material and urban greening concepts. Zelenbud management is genuinely open to support initiatives from Dutch suppliers. Material and information during seminars should be developed taking into account that in general the audience will already be well aware of many topics in general. There is a need for specific information, with plenty of examples of the effectiveness and results of suggested materials and concepts. Video presentations are preferred. Online seminars are a tool that is also already commonly used.

#### FOCUS REGIONS

The market for urban greening input materials is developing nationwide. On which region to focus depends on many factors, but it is important to realize that attention should not be limited to the capital city Kyiv. The efforts directed to other Ukrainian regional cities may result in success faster than in Kyiv due to the efforts that need to be made to navigate the capital’s bureaucracy. Dnipro, Kharkiv, Cherkassy, Lviv and other major Western Ukrainian cities like Mariupol and Zaporizhya are cities with significant budgets that offer plenty of business opportunities for companies in the urban greening sector. The cities listed in other projects (EBRD, U-LEAD etc) will be ready with their spatial planning concepts sooner than others but this is not a guarantee that they will move to the stage of implementation fast enough.

#### COOPERATION WITH COMMERCIAL PARKS

In order to get quick exposure in the Ukrainian market, projects in cooperation with a commercial park is an option worth considering. Such projects will serve as demonstration locations and testing sites. Decisions can be

made quickly, communication will be clear and to the point. Potential partners and clients will have easily accessible local reference to new products being offered.

#### DUTCH GOVERNMENT SUPPORT

Government support programs for Dutch exporters as offered by Netherlands Enterprise Agency (RVO), the tools like SIP, PIB and DHI can significantly strengthen the position of Dutch exporters on the international and the Ukrainian urban greening market. When structured correctly, these programs can also deliver a positive impact on the development of the sector as a whole in Ukraine by sharing international experience in urban greening and increasing the knowledge level of all parties involved.

Essential elements would have to be:

- New legislation is key to sustained development of the urban greening sector. Part of any government support program should be support of the development of new legislation. F.e. in course of implementation of this study the Ukrainian parliamentary committee in charge of this topic has indicated the interest in cooperation with the Netherlands for the development of public greening legislation.
- B2B: Seminars and roundtable meetings with urban greening architects and nurseries
- K2K: Facilitation of cooperation between Dutch and Ukrainian universities in the urban greening sphere.
- B2B: Support of demo projects for displaying planting materials and technology from The Netherlands. In the course of the study several offers were made by Ukrainian counterparts for joint Dutch-Ukrainian demonstration projects.