
Preface

NATALIA IZOSIMOVA

Director of the Foundation for Effective Governance

We are pleased to present the 6th edition of the Ukrainian National Competitiveness Report, which contains the National Competitiveness Index 2013. For the past three years, the Report has featured all 27 Ukrainian regions, benchmarking their performance over time as well as their performance against other regions and nations. The Ukrainian National Competitiveness Index is traditionally based on the methodology used by the World Economic Forum to calculate the Global Competitiveness Index, which today covers 148 nations.

Recognising clearly the challenges faced by Ukraine still in post-crisis recovery, we have analysed institutions, infrastructure and education in the past two reports. This analysis is due to the fact that we believe these factors have the biggest impact on the medium and long-term growth of the country's competitiveness and, at the same time, identify risks and opportunities. Responsibility for all these sectors lies largely with the government. However, 'is the government the only factor of the economic development and improvement of citizens well-being?' probably not! After all, this is "a two-way road": the government creates favourable business environment, whilst businesses provide jobs and contributes to the gross domestic product. The Report 2013 looks into the business sophistication in Ukraine to see how well the business sector is prepared for current global challenges and trends, how efficiently it uses available resources and whether it prioritises ethic and social responsibilities. Our findings are quite controversial. On the one hand, the Ukrainian businesses show relatively fast dynamics and growth potential in some areas. On the other hand, businesses often lack the knowledge,

technology and financial resources or even sometimes the mere culture of doing business. The results are diverse across the country: business sophistication varies by region, sector and company size. Ukraine's future success in the global competition will largely depend on how successful businesses are in unleashing their potentials and bridge the gap between the ranking leaders in the world.

The six-year history of the Ukrainian National Competitiveness Report proves that the study is sought-after by many different users, from central and local governments to students. The Report is a source of objective, methodology-based and unique information used in strategic decision-making on the development of the country and particular regions as well as on investing and locating of businesses. The findings help to identify weaknesses and competitive advantages of each of the 27 Ukrainian regions, encouraging a healthy competition and setting regional development guidelines. In addition, the information gives motivation for having an open dialogue between the government, business and the general public, the three forces that together drive the country's productivity and the nation's wellbeing. Such dialogue targets to set priorities and spur economic reforms and long-term development programs.

We hope this Report will find an even wider application and make a valuable contribution to Ukraine's economic prosperity and international image. To this end, the Foundation has launched and maintains the national competitiveness portal, holds workshops and training sessions across the country and publishes analytics and studies.