



NATIONAL REFORMS COUNCIL

REFORMS MONITORING PROGRESS

9 Months, 2015



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INTRODUCTION



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*Deputy Head
of the Presidential
Administration of
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National Reforms Council*

Society's perception of reforms doesn't always fully reflect the fulfillment of reform action plans within government. Reform scorecards show real progress but ordinary people express disappointment. When sociologists asked people to evaluate whether they perceive any changes as a result of reforms, respondents were mostly critical. Although progressive changes are occurring, the situation is still not acceptable for Ukrainians. The highest positive evaluation was given by the public to the following reforms: army and national security, promotion of Ukraine globally, police reform, and decentralization. The least confidence was expressed in anticorruption reform, judicial reform, reform of public administration, and health care reform.

The National Reforms Council was not established to prepare optimistic bi-monthly reports. If this were the case, we would never have received recognition and support from international donors and partners. The Council's key task is to facilitate positive changes not under pressure from the IMF, the EBRD or the EU but, first of all, for the Ukrainian people. Technocratic reform progress should be aligned with positive changes ordinary Ukrainians feel in their everyday lives. This is our focus going forward.

A significant number of positive results have been achieved over the past nine months. These results are a strong foundation for further changes. Successful reforms in policing and public procurement have been spread to the deregulation process. The Better Regulation Development Office was created to analyze and improve the efficiency of regulation in various areas, primarily in relation to small and medium-sized businesses.

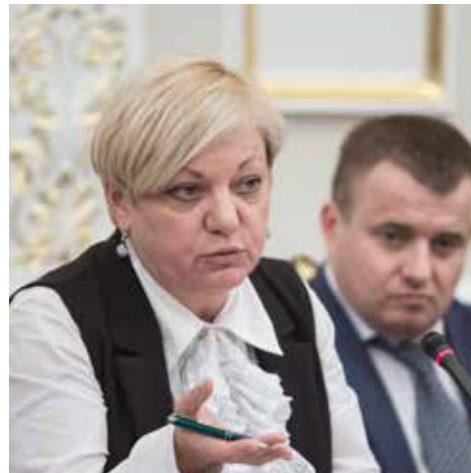
We have completed comprehensive discussion of the tax reform concepts. During a National Reforms Council meeting, we heard proposals from the Ministry of Finance, the Parliamentary Committee, and civil society experts. The search for compromise is underway.

For the first time, the National Reforms Council held a meeting focused solely on anticorruption reform. Establishment of key anticorruption authorities and institutions will soon be finalized. We have made significant progress in establishing the National Anticorruption Bureau, recruiting the first detectives, and reaching compromise regarding establishment of the National Anticorruption Agency. Our next priority steps are the creation of the Anticorruption Prosecutor's Office, approval of staffing of the National Anticorruption Policy Council, and commencement of the Bureau's activity.

In this report, you will find a detailed description of the progress of reforms as well as and the most pressing challenges. It is essential that the citizens of Ukraine are actively engaged in implementing changes.

Participative democracy is now reflected in electronic petitions to the President of Ukraine. They clearly reflect the vital issues that are so concerning the people of Ukraine. Quite often these issues are exactly the topics we have identified as priority reforms.

Our main task is to make these changes completely irreversible to honor those who have given their lives for the chance to make a better country. Slava Ukraini!



**RESULTS OF THE
NATIONAL REFORMS COUNCIL
DURING 9 MONTHS 2015**

RESULTS OF THE NRC DURING 9 MONTHS 2015

The National Reforms Council (NRC) was established as a platform to discuss and implement vital steps in building the new Ukraine. NRC members are key national decision makers: the President, the Prime Minister, the Chairman of the Parliament, Ministers, Chairs of Parliamentary committees, and four representatives of civil society. NRC meetings are also attended by the leaders of parliamentary coalition factions and heads of other government authorities who are invited depending on the meeting's agenda.

Since the first meeting of the National Reforms Council on December 24, 2014, 13 meetings have been held, 172 decisions were taken, and more than half of these have already been implemented. Five more meetings are planned by the end of 2015.

The main results of the National Reforms Council are the following:

- NRC provides a system to **coordinate** and **set standards** in reporting on design and progress of reforms. The strategic vision "Strategy 2020" has been approved, along with goals and KPIs for reforms. 18 priority reforms and identification of those responsible for their implementation have been determined. 18 Reform Task Forces (RTF) were also established as a monitoring system on progress (for monitoring system details see Appendix). NRC, with the support of its Project Management Office, plays an important role in **systematization of information** on reforms, thus providing a comprehensive view on the reform process. With RTFs and the responsible ministers' participation "Reform Passports" have been developed and reform action plans and logic models are under development.
- NRC provides a platform for finding **political consensus** on the content and pace of reforms as well as for consolidating opinions and efforts of key stakeholders. NRC meetings provide a unique opportunity to share information, explain reform content and receive feedback from key decision makers. Consensus has been found inter alia on reforms related to: anti-corruption, the Prosecutor's Office, railways, education, public procurement, decentralization, and the financial sector.
- NRC ensures **engagement of civil society in decision-making and provides transparency of the reforms process**. Four representatives of civil society are NRC members. Ukrainian and international experts, as well as civil activists, are invited to NRC meetings, depending on the agenda of the meeting. All materials and decisions are published on the NRC website www.reforms.in.ua (www.reforms.org.ua)
- NRC **acts as a moderator** of controversial issues. Different proposals on tax reform have been presented at NRC meetings and steps were made to agree on key positions. NRC acted as a mediator between the Ministry of Health and Ministry of Regional Development and Construction to align the concept of healthcare reform with decentralization strategy. NRC also facilitated discussion between the Ministry of Health and the relevant Verkhovna Rada committee on the issue of draft laws on autonomy of hospitals.
- NRC plays a key role in **communicating** reforms both to society and political leaders. NRC's status as a neutral, honest and objective entity creates widespread credibility, bringing attention to key reforms even if they are controversial. For example, NRC ensured broad dialog on public administration reform and works to push healthcare reform on the national political agenda.





NRC MEETING #11

Anti-corruption reform, September 18, 2015

As a result of decisions made at the NRC meeting:

- The following draft laws were adopted:
 - In the first reading: package of draft laws on establishment of a specialized agency to identify, seize and return stolen assets;
 - In the second reading: Law on the Prosecutor's Office (determining provisions for a specialized anti-corruption Prosecutor's office), law on financing of political parties, law on transparency of property registers.
- The National Council for Anti-corruption Policy was established.
- Different reform aspects were also discussed during other NRC meetings (including meeting #13 on implementation of Ukraine's commitments under international agreements and obligations to implement a Visa Liberalization Action Plan), thus attracting attention of key stakeholders to the issue of anti-corruption.



NRC MEETING #13

Education reform, October 5, 2015

Political consensus was reached on key reform milestones:

- Preservation of standardized external testing
- Transition from 11 to 12-year system of general secondary education
- Comprehensive reform of education content (including launching a competence-based approach and modernizing curricula)
- Voluntary certification of teachers at independent testing centers
- Optimization of schools network
- Favorable conditions for private capital
- Decentralization of management and increase of employers' participation in vocational training
- Transferring financial support for scientific research from state budget to a grant basis via Ukrainian State Fund for Fundamental Research



NRC MEETING #9

Railway reform, July 23, 2015

The meeting approved key reform parameters:

- Completed establishment of Public Joint-Stock Company “Ukrzaliznytsia (Ukrainian Railways)” (corporatization) and a new organizational structure.
- Introduction of new management model that complies with structural changes and the EU legislation; separation of railway infrastructure and infrastructure operators; transferring of railway tariffs regulation to an independent regulator – National Commission for Transport Regulation.
- Efficient and transparent procurement system.
- Change of the tariff system.



NRC MEETING #6

Public procurement reform, May 15, 2015

Key principles and stages of the reforms have been agreed:

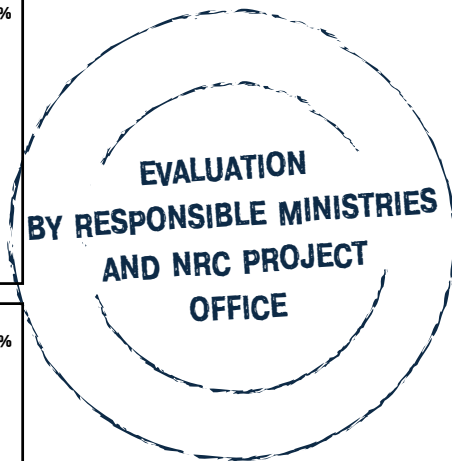
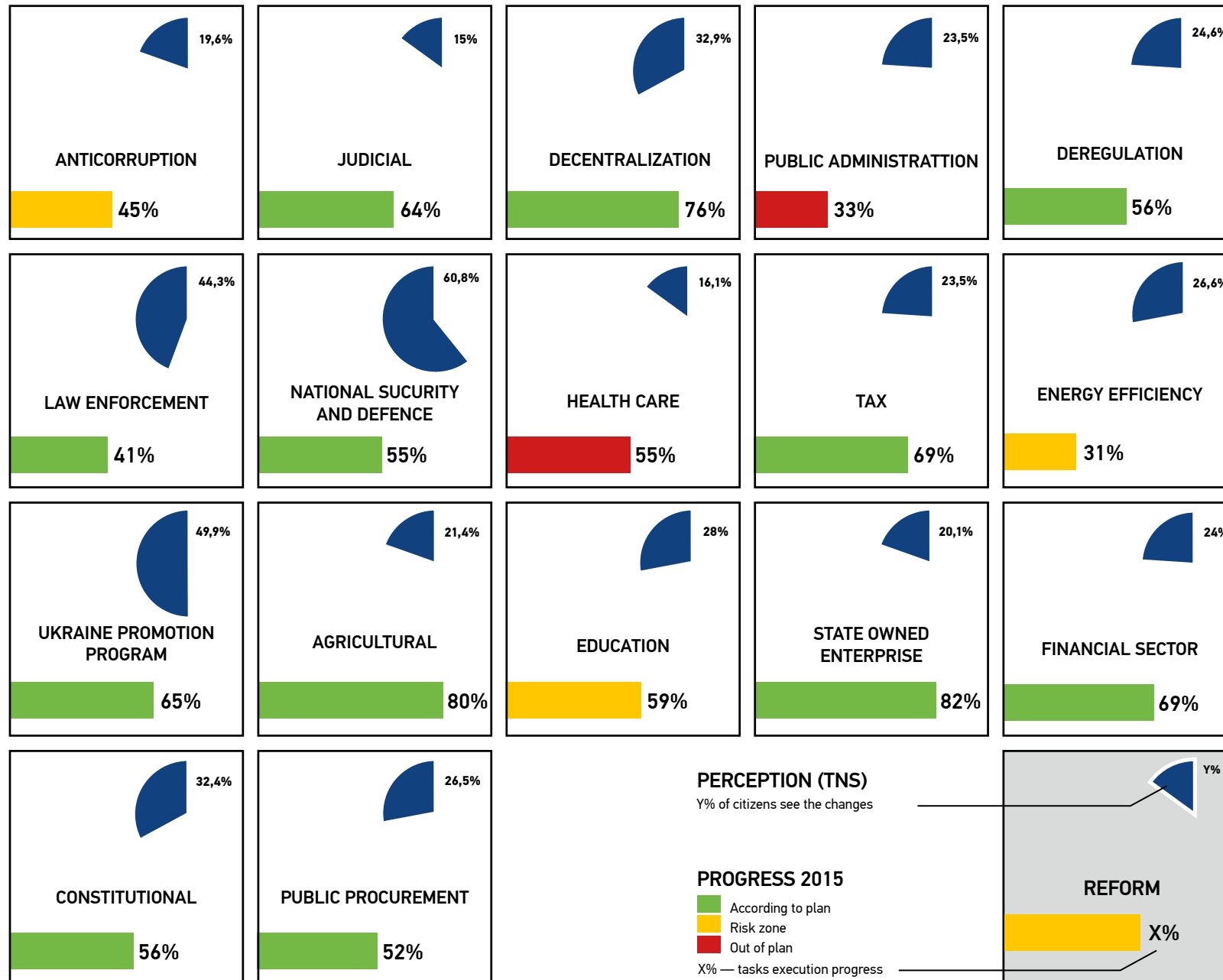
1. Implement a pilot project of e-procurement (Prozorro).
2. Prepare to scale up e-procurement for all procurement to EU thresholds (legal documents, IT, education).
3. Carry out phased transition to e-procedures for all public procurement.

As result of the meeting, a draft law “On Public Procurement” (#2087a) was adopted by the Verkhovna Rada in the second reading. A plan to implement e-appeals during e-procurement was also developed.

All central executive bodies have joined the e-procurement systems (including Prozorro) as a result of solid implementation of this NRC decision.

MONITORING OF REFORMS PROGRESS

REFORMS SCORECARDS AND INDICATORS



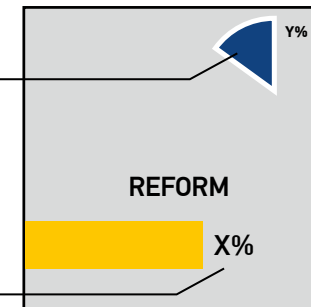
PERCEPTION (TNS)

Y% of citizens see the changes

PROGRESS 2015

- According to plan
- Risk zone
- Out of plan

X% — tasks execution progress



Survey conducted by the TNS agency on a monthly basis.

Age of respondents: 18-55
Question asked: How would you evaluate the reforms progress?

Blue segment: people, who answered that the changes really exist

Red color represents those who doesn't see any changes



ANTI-CORRUPTION REFORM

PURPOSE	STRATEGIC GOALS	OPERATIONAL GOALS
Corruption must be eliminated as a risk to the country's national security and barrier to sustainable economic development	Effective mechanisms for prevention of corruption are established in public and private sectors	Electronic system of filing, disclosure and verification of asset declarations of public officials
		Merit-based human resource system in the public service that eliminates nepotism, promotes integrity and provides fair remuneration
		Reduced impact of private equity on policy through the introduction of public funding of parties and transparency and accountability of party finances
		Effective system of identifying and eliminating corruption risks, including introduction of e-governance tools
		Effective system of business compliance
	Inevitability of responsibility and punishment for corruption is ensured	All persons found guilty of corruption, subjected proportionate sanctions and removed from service
		Effective system of seizure and confiscation of illicit assets
		System of integrity checks and lifestyle monitoring for all civil servants, illegal enrichment is punishable
		Specialized anti-corruption agencies and courts are economically and politically independent in their operations
	Society professes "zero tolerance" to corruption	Citizens, business and bureaucrats aware of the phenomenon of corruption, its social damage and personal liability, as well as the methods of fighting and preventing corruption
		Significantly reduced susceptibility and tolerance to acts of corruption
		Proactive watchdog mechanisms enabling citizens, civil society and independent media to participate in the exposure of corruption

Reform passport – a brief review of the reform, of its targets and expected results, based on the key strategic documents:

Sustainable development Strategy "Ukraine 2020"; the Coalition agreement; the Program of the Ukrainian Government; the Association Agreement between the EU and Ukraine (including DCFTA); Ukraine – IMF Memorandum.



ANTI-CORRUPTION REFORM

Progress to date:

- The Government approved the **State Anti-Corruption Strategy Implementation Program** for years 2015 to 2017 setting out the core tasks within the scope of the Anti-Corruption reform for the three years, and specifying responsible parties and deadlines. The draft program was discussed with the public, and was supported by experts and international organizations. The program is placed on the web site of the Ministry of Justice.
- The membership of the **National Anti-Corruption Policy Council** was approved with a Presidential Decree. The Council was established in 2014 as a board of advisers to the President of Ukraine. Mustafa Dzhemilev was appointed the Head of the Council. The following are the core tasks of the National Anti-Corruption Policy Council: 1) to prepare and submit proposals on defining, updating and improving the Anti-Corruption strategy; 2) to carry out systemic analysis of the situation with the corruption prevention and suppression in Ukraine, the efficiency of the implementation of the Anti-Corruption strategy, the measures taken to prevent and counteract corruption; 3) to prepare and submit agreed proposals on the improvement of the co-ordination and interaction among entities taking measures in the field of the corruption prevention and suppression; 4) to assess the status and support the implementation of recommendations of the Group of States against Corruption (GRECO), the Organization for Economic Cooperation and Development (OECD), and other leading international organizations in respect of preventing and suppressing corruption, and to improve the efficiency of Ukraine's international co-operation in this field; 5) to foster scientific and methodological support in the field of the corruption prevention and suppression. The Council held met for the first time on September 21.
- On April 16, the President appointed Artem Sytnyk as **Director of the National Anti-Corruption Bureau** as a result of an open and transparent contest. The National Anti-Corruption Bureau is a special state law enforcement agency tasked with counter-

acting criminal corruption violations, which are perpetrated by the top officials that threaten the national security. The Anti-Corruption Bureau is supposed to become the key agency to suppress corruption in top tiers of the Government. The staff of the National Anti-Corruption Bureau has been hired since June 2015. The current plan provides for staffing the head office of the Bureau of 506 officers by the year end. The selection process takes place with the involvement of members of the Public Control Council set up by the open vote. The first 70 detectives were chosen and started a 5-week training course on September 7; after that, they will be ready to start investigating.

- On March 18, 2015, the Cabinet of Ministers of Ukraine adopted a resolution to establish the **National Corruption Prevention Agency**. On March 25, 2015, the Cabinet of Ministers of Ukraine issued resolutions needed to hold a contest for the selection of National Corruption Prevention Agency members. The National Corruption Prevention Agency will become the central executive agency in charge of the development and the implementation of the state Anti-Corruption policy. Functions of the agency include the analysis of the status of the corruption suppression in Ukraine, the development of the draft Anti-Corruption Strategy, the research into the corruption situation, the maintenance of universal registers of declarations made by officials and of perpetrators of corruption violations, the co-operation with corruption whistleblowers, etc. Five National Corruption Prevention Agency members were supposed to be elected by late April, but the process got delayed. In August 2015, the Ministry of Justice took the lead in setting up the National Corruption Prevention Agency by resolving the public conflict regarding the setup of the contest commission for the selection of National Corruption Prevention Agency members: Four representatives of the public were re-elected to the commission on August 28 as a result of a transparent and open process. On September 2, the Cabinet approved the membership of the commission chaired by the first deputy Minister of Justice. The Commission has already analyzed the

document packages submitted by National Corruption Prevention Agency membership contenders, and started holding individual interviews. The selection of candidates is expected to be finished by late October.

- The Law of Ukraine "On Prevention of Corruption" (# 1700-VI of October 14, 2014) introduced a **new system of financial control** calling for the replacement of paper-based declarations of assets, income, expenses and financial liabilities of public officials with property, income, expense and financial liabilities declarations of persons authorized to perform functions of the state or local self-government to be submitted via the official web site of the National Agency for Corruption Prevention. Declarations are to be submitted in the electronic form and published in a Universal State Register on the National Agency for Corruption Prevention's web site (except for some details).
- On July 2, the Verkhovna Rada (Parliament) adopted amendments to the law on the public prosecution system to specify, for instance, the procedure of the establishment of the **Specialized Anti-Corruption Public Prosecution Office (SAPPO)**. The Specialized Anti-Corruption Public Prosecution Office is supposed to oversee the pre-trial investigations of the National Anti-Corruption Bureau, and prosecute cases in courts. According to the Law, the head of the SAPPO and other officers must be appointed as a result of an open tender by a commission consisting of 4 representatives of the Prosecutor General Office and 7 representatives nominated by the Verkhovna Rada. The Verkhovna Rada appointed its 7 representatives on September 17; the 4 representatives of the Prosecutor General Office were delegated even earlier. The contest commission started working on September 21, and is going to complete the SAPPO Head selection process by early December.
- On April 9, 2015, a law on the **access to the information in the form of open data** was adopted (the bill was developed by civil society experts and submitted to Verkhovna Rada by the President of Ukraine). The Law introduces the notion of open data, provides for the publication of such data on a

central government web-portal and associate web sites, and calls, for instance, for the obligatory publication of public procurement databases, the register of legal entities, the city development documents, etc. The Law substantially curtails opportunities for corrupt practices.

- The Ministry of Justice of Ukraine has launched an **updated register of perpetrators of corruption violations**. Earlier, the register could have been searched by the last name only; currently, the search can be based on the first name, the patronymic, the place of work at the time of the corruption violation, the nature of the violation, and the type of the punishment or penalty. More information is now made public as a result of the search. It will also be possible to download a file with the information about persons that made it into the register recently. At the moment, the register is working in a test mode to make sure that technical issues are detected and made good.
- On April 14, the Rada adopted amendments to some laws of Ukraine **to improve transparency in the field of property relations** for the purposes of the prevention of corruption to open up registers of owners of the property, vehicles and land. The Law must improve the openness of public property registers, so that citizens gain access to the information about owners of registered vehicles and real estate, and the complete information about land plots from the State Land Cadaster (including, importantly, the information about land plot owners and users). This Law would contribute to the public control over the payment of taxes by officials, and the openness and the transparency of local governments and executive agencies. The Law came into effect from October 6, 2015.
- On October 8, the Rada approved the draft **Law on the amendment of some legislative acts of Ukraine to prevent and suppress political corruption** aimed at introducing direct public funding of political parties starting from the year 2017. The draft Law defines criteria for the parties to be financed from the state budget, the relevant expense items, and specifies the ceiling limits for annual contribu-



ANTI-CORRUPTION REFORM

tions to parties made by legal entities and individuals.

- On October 8, a package of draft laws on the **establishment of a specialized public institution in charge of the search for, and disposal of, assets** obtained from corruption and other offenses was approved in the first reading. It also provides for the introduction of appropriate amendments into the Criminal Procedural Code as regards specific issues of the property garnishment, and into the Criminal and Civil Codes aimed at improving the mechanism of the special forfeiture in order to eliminate corruption risks. Thanks to these laws, corrupt officials will not be able to conceal their assets by re-registering them in names of nominee owners or offshore companies. The newly established agency will be able to promptly garnish, appraise and sell property, and channel funds into the special fund of the state budget. This will prevent corrupt officials from withdrawing assets from the garnishment and avoiding liability.

Including also the 3rd Quarter:

- The National Anti-Corruption Bureau has been staffed since June: The first 70 detectives were chosen and started a 5-week training course on September 7; after that, they will be ready to start investigating.
- In August 2015, the Ministry of Justice took the lead in setting up the National Corruption Prevention Agency by resolving the public conflict regarding the setup of the contest commission for the selection of National Corruption Prevention Agency members: Four representatives of the public were re-elected to the commission on August 28 as a result of a transparent and open process. On September 2, the Cabinet approved the membership of the commission chaired by the first deputy Minister of Justice. The Commission has already analyzed the document packages submitted by National Corruption Prevention Agency membership contenders, and started holding individual interviews. The selection of candidates is expected to be finished by late October.
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- On October 8, the Rada approved the draft **Law on the amendment of some legislative acts of Ukraine to prevent and suppress political corruption** aimed at introducing direct public funding of political parties starting from the year 2017. The draft Law defines criteria for the parties to be financed from the state budget, the relevant expense items, and specifies the ceiling limits for annual contributions to parties made by legal entities and individuals.

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What hasn't yet been achieved:

- A delay with setting up the Specialized Anti-Corruption Public Prosecution Office rendered the Anti-Corruption Bureau unable to start investigating corruption violations in spite of having detectives for doing so.
- A delay with setting up the National Agency for Corruption Prevention postpones the commencement of the operation of the new system for the financial

monitoring over public officials.

- The Anti-Corruption Strategy for years 2015 to 2017 calls for establishing (specifying) an extra-judicial mechanism of oversight in the field of access to information. So far, no central agency in charge of oversight has been appointed.

No draft Law on the procedure of the integrity check of individuals authorized to exercise state or local self-government functions has been submitted to the Verkhovna Rada, although the program documents provide for this to be done. In August 2015, the Ministry of Justice sent the draft law to the European Commission for Democracy through Law (Venice Commission) seeking an opinion on its conformity with European standards.

Ongoing high-priority actions to accelerate the reform:

- Complete training of the first group of National Anti-Corruption Bureau detectives. Continue hiring officers to investigation and administrative jobs on the National Anti-Corruption Bureau staff.
 - Complete the selection of five National Corruption Prevention Agency members. Set up the minimum staff of the Agency for it to start operating.
 - Appoint the head of the Specialized Anti-Corruption Public Prosecution Office, and the minimum required number of Anti-Corruption public prosecutors to support investigations run by the Anti-Corruption Bureau.
 - Adopt a package of draft laws on the establishment of a special agency for the search for, and the recovery of, the stolen assets, and the introduction of appropriate amendments into codes to regulate mechanisms of the garnishment and the special forfeiture of the property of criminal origin in the second reading.
 - Open up registers of owners of the real estate, vehicles and land plots, and ensure their operation in accordance with requirements of the law.
- Develop a plan for the Anti-Corruption communication campaign. Hold an international Anti-Corruption conference in Kyiv on November 16.

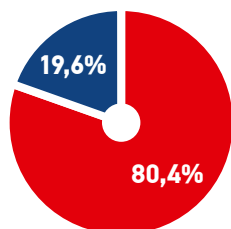


ANTI-CORRUPTION REFORM

45%

Progress in Tasks
completion
for 2015

REFORM PERCEPTION



THE CITIZENS THINK THAT:

■ NO CHANGES
■ CHANGES EXIST

Survey conducted by the
TNS agency on a monthly
basis.

TNS

Age of respondents: 18-55
Question asked: How would you evaluate the
reforms progress?

Blue segment: people, who answered that
the changes really exist

Red color represents those who doesn't see
any changes

TASKS

State Programme for implementation
of 2014-2017 Anticorruption Strategy is
approved

100%

National Anticorruption Bureau is launched
and functioning

75%

Specialized Anticorruption Prosecution is
launched and functioning

0%

National Agency for Prevention of Corruption
is launched and functioning

38%

Reformed system of financial control of
assets and incomes of public officials is
launched

0%

Legislation on financing of political parties
and election campaigns is reformed,
foreseeing public financing of political parties

75%

Draft law on access to publicly important
information in open data format is adopted;
independent state supervisory body for
access to public information identified

75%

Draft law on integrity checks of public
officials is adopted

25%

OUTCOMES

Anticorruption Bureau has finalized investigations;
at least 20% of assets under arrest are confiscated,
including assets located abroad (after the Bureau
been launched)

All declarations of public officials have been verified
according to the Law on Prevention of Corruption

Web portal of open data functions. Public data are
available on web portal in the scope defined by
Cabinet of Ministers and in the format, which is
suitable for free access and processing

Following registers are available in open data format
and updated on a regular basis: 1) Unified register
of businesses, 2) public procurement data, 3) public
funds data (Law «On open public funds data»),
4) unified register of asset declaration of public
officials, 5) data base of National Commission for
Securities and Stock market

PERCEPTION

Transparency International Corruption Perception
Index ranking of Ukraine grew significantly and
approaching the target

Group of Countries against Corruption
(GRECO) positively assess situation with
recommendations implementing regarding
the level of corruption

83%

Level of trust in NABU

Share of respondents who had experience of bribery
(were solicited for a bribe or offered/gave a bribe)
(35%, TNS)

Society evaluates anticorruption efforts as effective
(19.6%, TNS)

SCORECARD



PUBLIC PROCUREMENT REFORM

PURPOSE	STRATEGIC GOALS	OPERATIONAL GOALS
The best public procurement (PP) system in Europe to ensure efficient public spending	TRANSPARENCY OF PP through launching electronic auctions and monitoring	Phased transition to electronic auctions
		Legislative support electronic auctions and implementation of necessary international standards
		BI introduction, statistics and analytics
		External monitoring and risk assessment system
	COMPETITIVENESS create faith among businesses in fair PP processes and promote the new PP system	Effective complaints system
		Gathering and publication of business intelligence
		Proactive Involvement of suppliers Into biddings
		Facilitating the access of businesses to PP
	PROFESSIONALIZATION of PP officers through training and law clarification	e-learning & e-testing followed by voluntary certification of PP
		Pro active law clarifications
		Standard specifications for procurement objects
	JOINING TO WTO GPA and development of export capacity	

Reform passport – a brief review of the reform, of its targets and expected results, based on the key strategic documents:

Sustainable development Strategy “Ukraine 2020”; the Coalition agreement; the Program of the Ukrainian Government; the Association Agreement between the EU and Ukraine (including DCFTA); Ukraine – IMF Memorandum.



Progress to date:

- **ProZorro** electronic public procurement system was developed and launched.
- By October 1, 2015, there were more than **980** public procuring entities; tenders were announced to the tune of more than **UAH 4 billion**; savings averaged 12 to 18 percent. These figures are more than three times as much as in the second quarter.
- New functions of a dedicated department in the Ministry of Economic Development and Trade were formulated and agreed; the new department structure was determined; a new team, including **10 new specialists**, was hired.
- New acting director was appointed to **State-owned Enterprise Zovnishtorhvydav** publishing house; the financial performance of the enterprise was analyzed.
- **IT audits** of the existing web portal and ProZorro system were carried out, and ways toward the integration of both these systems were identified.
- The process of Ukraine's accession to the WTO Agreement on Government Procurement was started.
- A Ukrainian Road Map for harmonization with **EU directives** was developed

Tentative savings amount to approximately UAH 300 million.

Including also the 3rd Quarter:

- The public procurement **legislation was amended** to support further reforms. Anti-Corruption and deregulation provisions were introduced; procurement thresholds for the application of the Law were raised (making it possible to hold about 70 percent of the procurement electronically already now); the legislation was brought into conformity with international requirements.
- A **draft law on public procurement** was developed that provides for establishing a brand-new system of the government procurement (which will be referred to as the "public procurement"), defines the notion of the "electronic procurement", and calls for the gradual transformation of all the procurement into the electronic form during the year 2016.

A draft law on public procurement

Ongoing high-priority actions to accelerate the reform:

- Have the Public Procurement Law to be adopted in 2015.
- Establish cooperation with the Special Communication and Information Protection Service of Ukraine
- Make it possible to integrate the electronic procurement system with open registers
- Permit at a legislative level to make use of foreign clouds certified under ISO 27001 for the placement of non-secret public information.
- Approve the Road Map of harmonization with **EU directives** at the Cabinet of Ministers of Ukraine

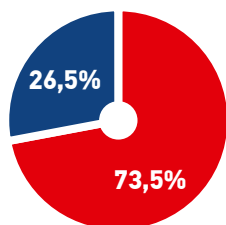


PUBLIC PROCUREMENT REFORM

52%

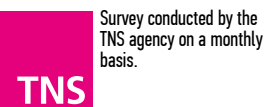
Progress in Tasks completion for 2015

REFORM PERCEPTION



THE CITIZENS THINK THAT:

■ NO CHANGES
■ CHANGES EXIST



Age of respondents: 18-55
 Question asked: How would you evaluate the reforms progress?

Blue segment: people, who answered that the changes really exist

Red color represents those who doesn't see any changes

TASKS



Capacity building & functions' optimization of the Authority body

100%

New normative base in the public procurement sphere developed & accepted in line with DCFTA Roadmap for 2015-2017

75%

Implementation of anticorruption actions in Ukraine's legislation

75%

Integration of ProZorro IT-system with official web-portal & transfer of control to the government

50%

E-procurement legislation approved

33%

Procurement procedures fully automated

0%

Ukraine joined the WTO GPA

33%

OUTCOMES



Savings from tenders' planned value

All procurement procedures conducted in eProcurement system

Average number of participants in public procurement increased

The share of tenders, where participants are from different parts of Ukraine, increased

Number of participants from other countries increased

The share of competitive procedures increased

PERCEPTION



High level of trust to the eProcurement system formed

High level of trust toward the Authority body from business formed

SCORECARD



DECENTRALIZATION REFORM

PURPOSE	STRATEGIC GOALS	OPERATIONAL GOALS
Creating a safe and comfortable environment for citizens' lives in Ukraine through an effective system of governance	An effective system of governance	Separation of powers between local governments and public authorities
		The transfer of sufficient financial resources to local governments
		Providing the openness, transparency and public participation in solving local problems
	High level of competitiveness of the regions	Efficient use of resources for sustainable development
		Favorable conditions for business
		Effective interregional collaboration
	High quality services	State quality standards (norms) of administrative services
		Quality of services
		Accessibility to services

Reform passport – a brief review of the reform, of its targets and expected results, based on the key strategic documents:

Sustainable development Strategy “Ukraine 2020”; the Coalition agreement; the Program of the Ukrainian Government; the Association Agreement between the EU and Ukraine (including DCFTA); Ukraine – IMF Memorandum.



DECENTRALIZATION REFORM

Progress to date:

The **Concept of Reform of Local Self-Government and Territorial Organization of the Government in Ukraine** has been endorsed and its Implementation Action Plan has been approved.

- Laws have been adopted that create legal basis for the **improvement of the financial and economic capacity of municipalities**: “On Voluntary Merger of Territorial Communities” and “On Co-operation between Territorial Communities”.
- The Sustainable Municipality Formation Methodology has been developed and endorsed by the government (Resolution # 214 of April 8, 2015).

Regional reform offices were set up in each oblast with the donor support.

There are 159 merged municipalities comprising almost 800 village, town, and city councils.

- Oblast administrations developed **Long-term Plans of the Spatial Development of Communities in Oblasts** with the support by regional reform offices and the Association of Ukrainian Cities, and with the active involvement of municipalities. The long-term plans have been endorsed in 22 oblasts as at the end of Q3. The Long-term Plans were not endorsed by oblast councils of 2 oblasts: Zakarpattia and Ternopil Oblasts.
- Real financial decentralization was undertaken by adopting amendments to the Budget and Tax Codes of Ukraine that **vested local governments with additional budgeting powers** and stable sources of revenue for the exercise thereof.

As at September 30, 2015:

The Long-term Plans of 19 oblasts were ap-

proved by the Cabinet of Ministers: Vinnytsia, Volyn, Dnipropetrovsk, Donetsk, Zhytomyr, Zaporizhzhia, Ivano-Frankivsk, Luhansk, Mykolayiv, Odesa, Poltava, Rivne, Sumy, Kharkiv, Kherson, Khmelnytskyi, Chernivtsi, Cherkasy, and Chernihiv;

- Long-term Plan of the Spatial Development of Municipalities of Kirovohrad Oblast was submitted to the Cabinet for review;

- Long-term Plans of 2 oblasts (Lviv and Kyiv) are undergoing legal expert appraisal in the Ministry of Justice.

- **Over the reporting period, the merger process has been initiated in more than 6,000 municipalities (more than half of those existing).**

- **The first local elections of mayors and council members were announced** with a resolution of the Central Electoral Commis-

sion in these **159 merged municipalities.**

- Creat-

ing such a large number of merged municipalities became possible thanks to the concerted action taken by the Cabinet of Ministers of Ukraine, the Verkhovna Rada of Ukraine, and the President of Ukraine in **adopting appropriate amendments to the legislation as regards the first local elections** (the Law of Ukraine # 676 of September 4, 2015). This Law made it possible to additionally obtain a decision of the Central Electoral Commission to schedule the first local elections in 85 merged municipalities that comprise almost 400 former municipalities. As a result, the 86 municipalities joined the ranks of 74 municipalities, where the first elections have been scheduled by oblast councils making the number of merged municipalities to reach 159 as a result.

- **23 municipality cooperation contracts**

were concluded for the consolidation of local governments

in solving local issues on a contractual basis.

- The financial decentralization over the 9 months of the year 2015 resulted in the **increase in local budget revenues by 40.7% or UAH 70.9 billion vs UAH 50.4 billion** in 2014. These are the funds managed by local governments on their own together with their municipalities. Since the system supports the autonomy of the adoption of local budgets and the decentralization, these changes will deliver synergies in the future, and local budget revenues will increase by a factor of 2 to 3. This will provide local governments with resources for tackling local development issues.
- 23 municipality cooperation contracts were concluded for the consolidation of local governments in solving local issues on a contractual basis.
- The **State Regional Development Strategy of Ukraine** is being implemented; **regional development strategies were developed and approved by 20 oblasts**; (the rest are at the stage of being updated or approved); strategy implementation plans are being developed, and the legal framework is being developed for the implementation of the regional policy efficiency and effectiveness monitoring and evaluation system, the institutional support to the regional development, and the financing of regional development programs and projects on the basis of the EU standards and approaches (in pursuance of the Law of Ukraine adopted by the Verkhovna Rada “On Principles of the State Regional Policy” # 156 of February 5, 2015). In 15 oblasts, the action plans of the implementation of regional de-

The financial decentralization over the 9 months of the year 2015 resulted in the increase in local budget revenues by 40.7% or UAH 70.9 billion vs UAH 50.4 billion in 2014.

velopment strategies have been developed. Ten oblasts: Vinnytsia, Volyn, Donetsk, Zakarpattia, Zaporizhzhia, Odesa, Lviv, Ternopil, Kherson, Chernihiv, and the city of Kyiv developed action plans of the implementation of regional development strategies, which are being prepared for the endorsement.

- With the EU project support, the Ministry of Regional Development, Construction, Housing and Utilities **implemented the online platform of the State Regional Development Fund** (dfr.minregion.gov.ua). For the first time, regional development investment projects are being selected on the basis of an open tender, rather than manually.
- The Verkhovna Rada of Ukraine adopted the draft Law of Ukraine “**On Service in Local Self-government Bodies**” (new wording, registration # 2489 of March 30, 2015) in the first reading on April 23, 2015; the draft law is being prepared for the second reading.
- The Verkhovna Rada of Ukraine adopted the Law of Ukraine “**On Local Elections**” # 595-VIII of July 14, 2015.
- The draft law “**On Municipal Guard**” supposed to make it possible for local councils to establish municipal police has been adopted in the first reading in the Rada.
- The President of Ukraine signed a law that **decentralizes powers in the field of the architectural and construction control**, and improves urban planning legislation: The Law of Ukraine # 320-VI of April 9, 2015, “On Amendment of Some Legislative Acts of Ukraine to Decentralize Powers in the Field of the Architectural and Construction Control, and Improve Urban Planning Legislation”.
- Draft laws “**On Local Referendum**” have



DECENTRALIZATION REFORM

been registered by the Verkhovna Rada of Ukraine, and are being reviewed by the Rada's committees.

- The State Geodesy, Cartography and Cadaster Service developed the draft Law of Ukraine on the amendment of some legislative acts of Ukraine calling for the delegation of **state-owned land management** powers to local governments and the strengthening of the state control over the use and the protection of land.
- The draft law has been endorsed by central executive agencies and submitted to the Government for review.
- Importantly, the draft Law of Ukraine **"On Amendment of the Constitution of Ukraine (Regarding the Decentralization of Power)"** (registration # 2217a of July 15, 2015, submitted by the President of Ukraine as a priority bill) has been adopted in the first reading on July 16, 2015, after more than a year of review by experts and the Constitutional Commission of the Verkhovna Rada of Ukraine. The bill has been submitted to the Constitutional Court for opinion.
- The Law of Ukraine "On Amendment of the Constitution of Ukraine (Regarding the Decentralization of Power)" (registration # 2217a of July 15, 2015) has been pre-endorsed by the Rada on August 31, 2015.
- The working wording of the draft law "On Prefects" developed by the Ministry of Regional Development, Construction, Housing and Utilities has been discussed by experts and reviewed at a meeting of the Central Co-ordination Council, but the final wording can only be adopted after the amendment of the Constitution of Ukraine.
- The Ministry of Information Policy of Ukraine was appointed as the party in charge of the co-ordination of the communication support to reforms at the 8th meeting of the National Reforms Council.
- The Ministry of Information Policy together

with the Ministry of Regional Development, Construction, Housing and Utilities (MORD) has developed, concurred with stakeholders, and implemented Stage 1 of the universal reform support communication plan ("Support to Voluntary of Municipalities"), under which the state-owned television and radio organizations throughout Ukraine (NTKU, NRKU, DTRK UTR World Service, oblast and regional state-owned television and radio companies) carried out **awareness campaign on the TV** during the first half of 2015 on the decentralization reforms: specialized shows, information issues, etc. In Q3, the state-owned television and radio companies delivered about **380 hours** of television products and **320 hours** of radio products on this subject; printed and placed advertising in health care establishments, at railway stations, education establishments, and transport facilities.

- As of today, the head office of the reform is developing the strategy for Stage 2 of the communication plan "Support to Constitutional Amendments" to be implemented in

A Donor Co-ordination Council is being set up at the MORD to ensure efficient co-operation with donor countries.

October to December 2015 aimed at running an information campaign to support the constitutional amendments.

- The Council will determine the need for channeling technical and financial assistance on the implementation of reforms in the areas being in need of the highest attention.
- Based on the initiative of the MoRD, Kharkiv Law Academy analyzed legislation in 22 areas and sectors that are in need of the decentralization of governing powers. **Task teams in line ministries** were set up on the basis of an instruction by H.H. Zubko, Vice Prime Minister in charge of the reform. These teams are cur-

rently reviewing the developed materials in order to come up with road maps and action plans of the reform in relevant areas and sectors within the scope of the decentralization reform in line with the Concept of Reform of Local Self-Government and Territorial Organization.

What has not yet been achieved:

- Adoption of amendments to the Constitution of Ukraine in part of decentralization of powers and authorities are crucial to implement a comprehensive reform of the local self-government and the subnational organization of government in all areas and sectors. The further comprehensive and systemic work on the implementation of reforms must be carried out within the context of **amendments to the Constitution of Ukraine**, including, for instance, the **decentralization of powers of executive agencies and their devolution to local governments**.
- The following **draft laws** must be adopted within three months of the effective date of the Law of Ukraine "On Amendment of the Constitution of Ukraine (Regarding the Decentralization of Power)":
 - "On Local Self-government in Ukraine" (new wording);
 - «On Prefects»;
 - "On Principles and Procedure of Solving Issues of the Subnational Organization of Ukraine".

Ongoing high-priority actions to accelerate the reform:

- **Support the process of the amendment of the Constitution of Ukraine** by taking a set

of measures at a central, regional and local levels in respect of the information and expert support to decentralization amendments to the Constitution of Ukraine.

- **Develop a package of laws on the decentralization:**

1. Develop Laws of Ukraine needed to implement decentralization amendments to the Constitution of Ukraine:

"On Local Self-government in Ukraine" (new wording), "On Prefects", "On Principles and Procedure of Solving Issues of the Subnational Organization of Ukraine";

2. Develop laws of Ukraine that do not require any amendment of the Constitution of Ukraine, such as:

- in the field of land relations, urban planning, proposals on the improvement of inter-budgetary relations, local taxes and duties, administrative services, and social standards;
- proposals on the improvement of the legislation in related areas and sectors calling for the decentralization of powers of the executive branch;

3. Proposals should be developed on the optimization of the territorial organization of the government, such as territorial bodies of central executive agencies: the development of the future model of administrative districts as future raions.

- **Consolidate local governments in tackling local issues on a contractual basis:** by implementing the legislation in terms of the implementation of inter-regional co-operation projects.

- Promising models should be developed on the optimization of the territorial organization of the government, such as territorial bodies of central executive agencies: (setting up administrative districts as future raions).

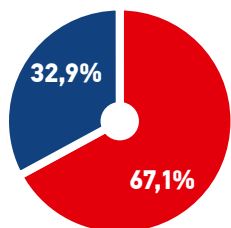


DECENTRALIZATION REFORM

76%

Progress in Tasks completion for 2015

REFORM PERCEPTION



THE CITIZENS THINK THAT:

■ NO CHANGES
■ CHANGES EXIST

TNS Survey conducted by the TNS agency on a monthly basis.

Age of respondents: 18-55
Question asked: How would you evaluate the reforms progress?

Blue segment: people, who answered that the changes really exist

Red color represents those who doesn't see any changes

TASKS

Approval/ update of the plan of measures on realization of the Concept of reforming local government and territorial organization of power in Ukraine	100%	Adoption of the Law of Ukraine «On the Principles of the State Regional Policy» that regulates the legal, economic and organizational grounds of the state regional policy with the purpose of improving the efficiency of the state regional development administration system	100%	The adoption of the Law of Ukraine «On Administrative and Territorial Structure» to ensure – based on the amendments introduced to the Constitution of Ukraine – the principle under which the same area has no more than one body of self-government of the same level and ubiquity of the jurisdiction of local self-government at the level of Territorial Communities	50%	Development and approval of Perspective Territorial Plans for Capable Communities	85%	Online platform of the State Fund for Regional Development created	100%
Adoption of the Law of Ukraine «On Amendments to the Constitution of Ukraine» pertaining to local self-government and territorial authority structure reform	80%	Adoption of the Law of Ukraine «On Amendments to Certain Legislative Acts to Extend the Powers of Local Self-Government Bodies in Disposal of Land Plots and Monitoring Use and Protection of Land»	50%			Opening regional reform offices and ensuring their effective activity	100%	The European system of statistic reports has been introduced for monitoring and assessment of the social and economic development of the regions of Ukraine	80%
Providing financing through The State fund of regional development projects (including cooperation projects and voluntarily United territorial communities)	100%	The Framework for Creation of Capable territorial Communities adopted	100%	Adoption of the Law of Ukraine «On Self-Organized Bodies» (new version)	60%	Approval of Regional Development Strategies developed taking into account new approaches based on European practices	84%	Communication support for the decentralization reform held according to the approved reform communication plan	50%
Adoption of the Law of Ukraine «On Voluntary Association of Territorial Communities» with the purpose of legislative settlement of organizational and legal grounds for the emergence of capable territorial communities that can provide the entire scope of public services within the community	100%	Adoption of the Law of Ukraine «On Municipal Police» aimed at ensuring law and order in communities	70%	Adoption of the Law of Ukraine «On Service in Local Self-Government Bodies» (new version)	60%	Approval of Action Plans to implement regional development strategies	60%	The Single Unified List of Standards for the Provision of Public Services created	10%
		Adoption of the Law of Ukraine «On Local Self-Government in Ukraine» so as to ensure the optimal distribution of powers among local self-government bodies and executive authority bodies based on the amendments to the Constitution of Ukraine	40%	Adoption of the Law of Ukraine «On Election of Deputies to the Verkhovna Rada of the Autonomous Republic of Crimea, Local Councils, Village, Town and City Heads» (new version)	100%	Approval of the new procedure of preparation, assessment and selection of investment programs and regional development projects to be financed from the State Fund for Regional Development	100%	Adoption of the Law of Ukraine «On Local Referendum»	50%
Adoption of laws of Ukraine on amending the Budget and Tax Codes of Ukraine as to decentralization of finance, strengthening of the material and financial basis of local self-government	100%	Adoption of the Law of Ukraine «On Local Self-Government in Ukraine» (new version) so as to ensure the optimal distribution of powers among local self-government bodies and executive authority bodies based on the amendments to the Constitution of Ukraine	50%	Adoption of the Law of Ukraine On Amendments to Certain Legislative Acts of Ukraine concerning Decentralization of Powers in the Field of Architecture and Construction Control and Improvement of Urban Planning Legislation»	100%				

SCORECARD



DECENTRALIZATION REFORM

OUTCOMES 			PERCEPTION 
Voluntary creation of united territorial communities	Index of human development in regions due to the implementation of state regional policy	The level of state budget financing for regional development programs and projects	Survey response about the level of basic service provision in the community (education, medicine)
Effective functioning of capable communities in terms of subsidies	Technical and financial support from international organizations for the implementation of regional development projects (expected – EUR 50 million in 2015–2018 budget years)	The share of local budgets in the general state budget	Answer to the question about the availability of effective methods of influence on local government and control of local authorities (self-government, law enforcement, judges)
Effective functioning of capable communities as to their financial self-sufficiency	Employment in regions due to the state regional policy implementation	Ensured the distribution of powers based on the principle of subsidiarity among local authorities and executive authorities (functional decentralization), and between local governments of various levels of the administrative and territorial structure whose powers are provided with adequate financial resources	Survey among heads of LSGB and selectively – LSGB department heads – concerning the availability of appropriate resources in LSGB as well as powers to perform their duties
Effective functioning of capable communities as to the growth of own revenues	Index of human development in regions due to the implementation of state regional policy compared to the average EU indicators	Ensured the distribution of powers based on the principle of subsidiarity among local authorities and executive authorities (political decentralization), and between local governments of various levels of the administrative and territorial structure whose powers are provided with adequate financial resources	Survey among heads of LSGB and selectively – LSGB department heads – answer to the question «Do you think that decentralization resulted in increased efficiency of public service provision and more prompt and high quality response to citizens' requests?»
Financial support of investment projects of territorial community cooperation	Energy efficiency of regions due to the state regional policy implementation – level of the final energy resources consumption	Increase of efficiency of land use in associated territorial communities	The index of openness of local self-government
Ensured law enforcement and safety organization at the level of communities and regions	GNP power intensity, toe/\$000 according to the purchasing power parameters in 2005 prices	The efficiency of the system of state administration of regional development increased.	
Conclusion of cooperation agreements of territorial communities with the participation of village, town and city councils			



LAW ENFORCEMENT REFORM

Progress to date:

- On July 2, the Verkhovna Rada adopted the sectoral **Law “On National Police”** that initiated the reform of the Ministry of Interior. It came into force on November 7, 2015. For instance, the new patrol service started working in Kyiv on July 4. Currently the police patrol is staffed and works in the four largest cities – Kiev, Odessa, Lviv and Kharkiv and covers Boryspil airport. More than 5,000 young people selected and trained under the new system impressed the capital, first of all, by their humanism and the readiness to help not only in case of public order issues, but also in usual household situations. There were numerous videos on the Internet illustrating new approaches chosen by new patrol officers: they help to push cars, carry people in wheelchairs upstairs, save animals from the road, etc. This project gave the society a chance to believe into the irreversibility of reforms and became a bright example of the successful government work.
- The Verkhovna Rada adopted a set of amendments to the traffic safety legislation to implement, for instance, **photo and video recording of road traffic violations**. This law will make it possible to remove policy with radars from the roads without compromising the safety of motor roads and reduce the corruption hazard in this area at the same time. This Law is supposed to come into effect in November 2015.

The patrol police has been staffed and launched in four largest cities (Kyiv, Odesa, Lviv, and Kharkiv), and covers Boryspil airport. The selection and training of officers for the patrol police was started in 19 other cities from Zakarpattia to Donetsk Oblast.

Including also the 3rd Quarter:

- On a pilot basis, the road police monitors 2 motor roads: Kyiv to Zhytomyr and Kyiv to Boryspil.
- The process of selection and training for police patrol is launched in 19 other cities.
- The competitive selection of the staff for newly established local public prosecution offices in all regions of the country is going on in line with the new Law “On Public Prosecution Office”. This competitive selection attracted about 11,000 contenders. By now, they have been tested for their knowledge of laws and the overall level of knowledge. The finalists, who will be interviewed by contest commissions, have been determined as a result. New local public prosecution offices must be established by December 15, 2015.

What has not yet been achieved:

- The draft law **“On Services and Service Centers of the Ministry of Interior of Ukraine”** is awaiting its second reading. It calls for the transformation of corruption-prone MREOs and other departments of the Ministry of Interior involved into the provision of administrative services into contemporary service units that deliver rapid and high-quality service to the public. This draft law has been subjected to a lengthy process of seeking concurrence from stakeholders, and is expected to be adopted in the nearest future.
- Rada members send the draft law **“On State Bureau of Investigation”** for the repeated second reading; it must be refined by the Rada committee in charge.

Ongoing high-priority actions to accelerate the reform:

- The draft law “On Services and Service Centers of the Ministry of Interior of Ukraine” should be adopted in the second reading.
- The draft law “On the State Bureau of Investigation” should be adopted in the second reading.
- The process of replacement of the personnel in regional public prosecution offices and the Prosecutor General Office of Ukraine should be started to make it possible to improve the quality of prosecutorial self-administration bodies envisaged by the Law.

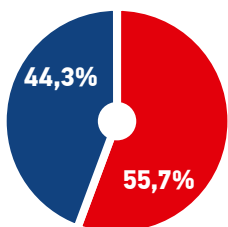


LAW ENFORCEMENT REFORM

41%

Progress in Tasks completion for 2015

REFORM PERCEPTION



THE CITIZENS THINK THAT:

■ NO CHANGES
■ CHANGES EXIST

TNS Survey conducted by the TNS agency on a monthly basis.

Age of respondents: 18-55
Question asked: How would you evaluate the reforms progress?

Blue segment: people, who answered that the changes really exist

Red color represents those who doesn't see any changes

TASKS

New law on the national police is adopted	100%	New patrol service is established and operates	100%	The State Bureau of Investigation is created and operates	25%
New law on agencies of interior affairs is adopted	65%	HR processes are optimized in the MIA	17%	The single universal special police unit is created and operates	0%
Law enforcement reform package is adopted	67%	Law enforcement agencies are decentralized	0%		
Standard operating procedures/instructions are developed	45%				
Internal documents that will influence internal discipline and enforcement are developed and approved (MIA)	0%				

OUTCOMES

A quality investigation of protestor persecution and Maidan shooting incidents is conducted
MIA structure is optimized and harmonized with European standards in terms of personnel quantity
Business costs of organized crime (GCI) Index change by 0.5 points in the positive direction
Organized crime level Index change by 0.5 points in the positive direction
Reliability of police services (GCI) Index change by 0.5 points in the positive direction
Rule of Law Index Index change by 0.5 points in the positive direction
Criminal Justice Framework and Independence Index change by 0.5 points in the positive direction

PERCEPTION

Increased people trust in the new patrol in the selected cities (TNS)	58%
Increased trust in the police by people (TNS)	15%
People started feeling safer	
People believe that police is less affected by corruption	

SCORECARD



DEREGULATION

PURPOSE	STRATEGIC GOALS	OPERATIONAL GOALS
TOP-30 regulatory environment in the world in 2020 for: •SME business development •Increase of FDI and capital investments •Healthy market competition	Radically decreased number of business regulations and inspections	Strengthened the institutional capacity of government by creating Better Regulation Delivery Office
		Decreased number of regulations, permits etc
		Decreased number of inspection bodies
		Create transparent, predictable, limited inspection purposes
	Barriers to creation of new regulations strengthened	Strengthen the State Regulatory Service function by putin place necessary staff and training them for the best practices
		Implementation of Regulatory Impact Assessment, Small business test, peer analysis and other relevant tools on the way of legal act
		Authorities trained to produce qualitative Regulatory Impact Assessment documents
	Efficient regulatory environment created and functioning	Technical regulation and Food Safety systemsare aligned with EU and mutually recognized
		Market surveillance system harmonized with EU
		International trade regulation simplified and harmonized with DCFTA and WTO requirements
		Enabled electronic communication between business and authorities
		Developed concept and legal framework for self-regulatory organization creation
		Regulations switched to the market-regulation mode, where possible

Reform passport – a brief review of the reform, of its targets and expected results, based on the key strategic documents:

Sustainable development Strategy “Ukraine 2020”; the Coalition agreement; the Program of the Ukrainian Government; the Association Agreement between the EU and Ukraine (including DCFTA); Ukraine – IMF Memorandum.



DEREGULATION

Progress to date:

- The **updated Deregulation Concept** was approved; the **Better Regulation Delivery Office** was set up with the focus on sectors and industries most valuable for the small and medium business during 9 months of the year 2015.
- Out of 212 priority initiatives, 70 were adopted before and 26 after the approval of the official plan. At the moment, 20 bills are being reviewed by the Verkhovna Rada, 5—by the Cabinet of Ministers, 50—are reviewed by central executive agencies, and the rest are under development. According to experts, almost 60 percent of priority initiatives have been implemented taking into account the implementation stages; the Deregulation Plan implementation status is 41 percent.
- **Obligatory certificates were canceled for 13 product types**, including technical rehabilitation facilities, detergents, the bulk of the fuel market, the baby foods, etc.
- Ukraine acceded to the 1958 UN Geneva Agreement on Motor Transport **that made it possible to cancel the obligatory certification of new vehicles**.
- Overall the number of permission documents were abolished (permits, conclusions etc) from 143 to 84.
- The number of business activities need to be licensed was reduced from 56 to 30, electronic issuance of licenses was introduced.
- State owned company UkrEcoResursy's monopoly to collect, re-work and recy-

cle packaging waste was abolished. The company's turnover has been about UAH 300 mln with little positive effect for the economy or environment. The new law on packaging waste recycling would allow to create 10 000 new jobs and to clean the country from the packaging garbage.

- Quarantine certificate was abolished—its cost for businesses was about UAH 2 bln per year
- The term of issuance of phyto-sanitary certificate was significantly shortened (from five to two days), which saved up to UAH 5 bln per year for businesses.
- Permission procedures to use natural

Amendments were introduced into the law “On Public Procurement” (2087a) to simplify access for businesses to the public procurement (the self-declaration principle, a shortened list of required documents, et al.).

resources were simplified, which decreased yearly costs for businesses by UAH 3 bln per year.

- It was legally assured that termination of production, sales or provision of services by businesses could be enforced by a court decisions only.
- The moratorium on company inspections has been in force for almost 1.5 years. This has been one of the most efficient measures for protection of businesses in Ukraine.
- Business-ombudsman Council created, safeguarding legal protections for businesses.
- The procedure to grant work permit for foreigners was simplified.

- Significant amendments to the Law on protection of minority shareholders rights were adopted. These included obligation to publish information about any transaction if there is an enquiry; obligation to attract an independent auditor to assess the transaction in comparison to normal market conditions.
- The process of new business registration was simplified, e.g. obligatory usage of notary stamps for enterprises was abolished (voluntary).
- **4 bills on the reform of controlling authorities** were registered in the Rada (on liberalization, liability of officials for unlawful acts, establishment of an inte-

grated public database of audits, harmonization with the EU legislation, extension of the provisional moratorium on business inspections).

- **3 more bills to reform the anti-trust legislation** also await voting in the Verkhovna Rada (they simplify the pursuit of business for the small and medium enterprises, make actions of the Antimonopoly Committee of Ukraine more transparent and predictable).
- **Bills calling for the reversal of 4 licenses**, the reversal or the declaratory basis for the issue of **22 permits in the field of agriculture** have also been registered with the Rada; the Ministry of Economic Development and Trade also came

up with a bill calling for the reversal or the issue on a declaratory basis of **more than 30 permitting documents** (at the final stage of the co-ordination with central executive agencies).

- A bill **on the list of administrative services** has been registered (it calls for the reduction in the number of such services from more than 3,000 to fewer than **500** and suggests measures to prevent the introduction of new administrative services). One more bill regulating the provision of administrative services has been submitted to the Cabinet of Ministers for review.
- More than **90 percent of the annual plan of the adaptation of European technical regulation directives** were implemented. Out of 4 top priority technical regulations, 1 is adopted; 2 are under review at the Cabinet of Ministers, and 1 is being coordinated with central executive agencies.

Including also the 3rd Quarter:

- Negotiations with donors were completed and the **first technical assistance tranche** was obtained from the Government of Canada for the reforms. Also the agreement on financing of the Better Regulation Delivery Office from 2016 was signed with the EU.
- In September, an **independent Better Regulation Delivery Office** funded by donors was established as a key motive force of the deregulation. It will comprise about 70 specialists (lawyers, business analysis and experts on the FTA with the



DEREGULATION

EU), who will analyze the regulatory environment of Ukraine on an ongoing basis

In September, an independent Better Regulation Delivery Office funded by donors was established as a key motive force of the deregulation.

sis and draft regulatory instruments on the deregulation. The team is almost set up; the last organizational issues are being sorted out and the priority action plan is being developed.

- In September, **changes to the Rules of Procedure of the Cabinet of Ministers** were adopted to simplify the approval of deregulatory documents (the period for review has been reduced to 5 days; some documents may be presented to the Government for review without prior endorsement by central executive agencies on a case-by-case basis on permission of the Prime Minister).
- There is a preliminary agreement on holding the Deregulation and Business Development Day in the Verkhovna Rada in November, when the voting on deregulation draft laws is scheduled to take place.
- New methodology of **regulatory impact assessment** was developed and currently is being tested. The draft law that introduces the obligatory usage of regulatory impact assessment was drafted by parliamentarians and currently is set for approval procedure by the central executive bodies.
- Preliminary agreement was reached with the World Bank to run twinning project with the British Better Regulation Deliv-

ery Office for the next 12-24 months.

- The **Law “On Electronic Commerce”**

has been adopted to regulate activities in this field.

- The Cabinet of Ministers of Ukraine adopted the **Technical Regulation System Development Strategy till Year 2020** as the official road map for the harmonization of the Ukrainian system with the EU system.
- The **National Accreditation Agency has obtained the next portion of recognition from the EU (“Conformity Assessment. Requirements for Bodies That Certify Products, Processes and Services”)**, and implemented its portion of the preparation for the commencement of the process of entry into the ACAA Agreement (on the mutual recognition of technical regulation systems).
- The **National Standardization Body** has been revitalized; the work on the adoption of harmonized standards was unlocked. Currently, the tenders for the standardization activities are at their final stages. A working group was established to work on launching the TRADOS software for the automated translation of standards.
- The State Food Product Safety and Consumer Protection Inspectorate has been established; it absorbs 8 former inspectors and marks the beginning of their physical reorganization and/or liquidation.

tion.

- The **list of non-ferrous metal products whose exports are subject to licensing** has been shortened substantially.
- The **requirement for veterinary certificates was canceled** (Form 2).
- The **obligatory certification of the imported alcohol was canceled**.
- The **Ministry of Infrastructure undertook partial deregulation in the field of the sea transport**. The commission-based control aboard vessel, the chemical control of the isolated ballast, the procedures for the passage between ports of Ukraine, the yacht registration procedures, the financial guarantees of the cargo delivery were canceled. In addition, the environmental declaration was canceled and the automated radiological control and other procedures were introduced to substantially reduce the time needed to process cargo.

What has not yet been achieved:

- There is a substantial delay with the review of draft laws in the Rada. Twenty deregulation bills have been registered in Rada, but not yet voted.
- The development and the approval of licensing conditions for various types of business that require licensing lag behind the target terms substantially.

Ongoing high-priority actions to accelerate the reform:

- Speed up the setting up and the launch of the Better Regulation Delivery Office.

- Speed up the voting of Deregulation laws in Verkhovna Rada.
- Continue moratorium on company inspections till the end of 2016.
- Adopt laws in the spheres of insolvency, contract enforcement and property registration that would lead to rising up to 13 points in the Doing Business rating.

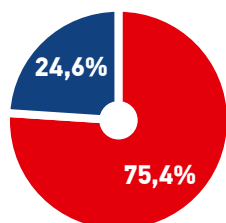


DEREGULATION

56%

Progress in Tasks completion for 2015

REFORM PERCEPTION



THE CITIZENS THINK THAT:

■ NO CHANGES
■ CHANGES EXIST

TNS Survey conducted by the TNS agency on a monthly basis.

Age of respondents: 18-55
Question asked: How would you evaluate the reforms progress?

Blue segment: people, who answered that the changes really exist

Red color represents those who doesn't see any changes

TASKS

Action plan for immediate deregulation is developed, complied and approved	100%	Necessary amendments in the regulatory and legal regulations to enable the issuance of permits electronically made	0%
Monitoring procedure for the Action plan defined	100%	Law «On the number of administrative services and Payment» adopted	75%
Comprehensive deregulation Concept and Action plan developed, agreed and approved	70%	Comprehensive inventory of the existing legal framework for state control and regulation of business conducted	0%
State Regulatory Service (DRS) developed and implemented an effective mechanism for proper regulatory impact assessment (RIA), which provides for the inclusion of ODS due to projects of all laws and regulations (in consultation with the World Bank) to ensure protection against excessive government regulation	20%	Concept of delegation of particular state functions through implementation of the mechanisms of self-regulation developed; the number of business activity that can assess themselves on compliance to the requirements and adopted norms instead of system of governmental observation increased	0%
Necessary amendments in the Law of Ukraine «On Administrative Services» and «On licensing system in the sphere of economic activity» to enable the issuance of permits electronically made	50%	Law of Ukraine «On technical regulations and conformity assessment procedures» is adopted in new wording	100%
		Independent metrology and standardization bodies in line with EU legislation established	100%

OUTCOMES

Improved positions in the Doing Business rating	100%	E-Database of standards	5%
Changes in the number of inspection bodies	60%	Number of new standards adopted in compliance with the EU regulation	21%
Outdated regulations cancelled, reduced number of permits, licensing and conciliation, the list of business activities subjected to compulsory certification in Ukraine. Legal acts and acts that used to regulate business activities that are not placed in the public domain cancelled	0%	Execution of the Plan of the priority deregulation (131 item)	36%
Technical regulations based on the European Directive on the principles of «New Approach» to technical harmonization and standardization and «global approach» in the field of conformity assessment developed and implemented	89%	Business expectations index of Ukrainian enterprises for the next 12 months, 94.5% (NBU)	

PERCEPTION

SCORECARD



HEALTHCARE REFORM

PURPOSE	STRATEGIC GOALS	OPERATIONAL GOALS
Modernised health system providing European levels of care at responsible prices	MEDICINES AND VACCINES of good quality are more accessible and affordable for people	Efficient, transparent health products public procurement system in place
		Increased access to medicines and medical products via market deregulation
		Strategic long-term planning to vaccines and essential medicines purchasing deployed
	HEALTH CARE SERVICES of better quality delivered in efficient and patient-centered manner	Hospital network optimized to meet health needs of people
		Autonomy of public providers of health services introduced
		Access to primary care services of good quality ensured
	FAIR FINANCING SYSTEM in place with more financial protection and low informal payments	Cost-efficient single payer system of public funds pooling and allocation in place
		Guaranteed volume of free medical care defined and provided
		Health services are funded on "money follows the patient" principle
	NEW PUBLIC HEALTH SYSTEM established and provides quality population health services	New Public Health Agency established and effectively operating
		"Health in all policies" principle in place
		Health promotion system designed and deployed
	MOH IS RE-PROFILED away from operational functions toward policymaking	Unique functions defined and cut down and/or outsourced
		New functions implemented, respective capacities built
		Newsystem of data management (including eHealth) and accountability in place

Reform passport – a brief review of the reform, of its targets and expected results, based on the key strategic documents:

Sustainable development Strategy "Ukraine 2020"; the Coalition agreement; the Program of the Ukrainian Government; the Association Agreement between the EU and Ukraine (including DCFTA); Ukraine – IMF Memorandum.



Progress to date:

- Laws were adopted on March 19 **to apply the mechanism of the public procurement of pharmaceuticals and medicinal products via international organizations**. This is a key change for overcoming corruption and improving efficiency of the public procurement of pharmaceuticals and medicinal products, and for making them more affordable. In the first half of the year, the progress in this area was modest, but it got going in Q3. In July and August, the Ministry of Health chose UNICEF, UNDP and Crown Agents as procurement agencies. On October 8, the Cabinet issued a resolution to specify a list of pharmaceuticals and medicinal products subject to the international procurement. On October 12, the Ministry of Health signed a Procurement Service Provision Memorandum with UNICEF. On October 27 agreement with UNDP was signed. The signature of agreement between Ministry of Health and Crown Agents is planned for 6th of November, 2015. Thus, the probability of the commencement of pharmaceuticals delivery by international organizations in year 2015 somewhat increased.
- In October, the Ministry of Health together with the European Commission set up a task force for the **development of a new national system for the public procurement** of pharmaceuticals and medicinal products. The new transparent and efficient national procurement system is expected to start working after the termination of the mechanism of procurement via international organizations in 2019.
- In September, the Cabinet permitted the Ministry of Health to **set up a new Public Health Center** with its resolution. This is the important first step in building up a new public health system in Ukraine. It is supposed to replace the Soviet model with the rudiments in the form of the old Sanitary and Epidemiology Service (SES).
- The Ministry of Health developed its own **Health Care Reform Concept** within the context of decentralization processes; the contentious issues with the health sector reform were negotiated away as a result of its discussion with the Ministry of Regional Development and experts at the first stage of the decentralization reform.

An agreement was signed with the World Bank for the implementation of the “Serving People, Improving Health” Project on the basis of a USD 214 million loan to support the health sector reform.

What has not yet been achieved:

- The adoption of the legislation on the **autonomy of health care establishments** did not happen. Thus, the process of “autonomization” of hospitals has a chance of starting only in mid 2016 in the best-case scenario.
- No substantial progress has been observed with the **deregulation of the pharmaceutical market** being the major strategy for improving the selection of pharmaceuticals in Ukraine and making them more affordable. In spite of the existence of several task forces and some concepts, no overall strategy for the deregulation of the pharmaceutical market in Ukraine was developed over 9 months.
- There is effectively no **reform of the Ministry of Health**. The Ministry remains a structure concentrated on the bureaucratic routine with an extremely low institutional capacity for the implementation of reforms.
- The **“Serving People, Improving Health” project of the World Bank** financed with a USD 214 million loan almost grounded to a halt due to organizational difficulties.

Ongoing high-priority actions to accelerate the reform:

- A compromise must be found and the **legislation on the autonomy of health care establishments must be adopted as soon as possible**. This is critical for the implementation of the next changes of the health care financing reform, including the financing on the basis of the “money follows the patient principle”.
- The **Ministry of Health needs strengthening** in terms of human resources and experts. The low institutional capacity of the Ministry of Health is the major bottleneck preventing the rapid progress of reforms.
- The development of a shared approach toward the **synchronization of health care reforms and decentralization** between the Ministry of Health and the Ministry of Regional Development remains to be an urgent issue. The lack of such synchronization threatens a conflict between the two reforms in 2016.

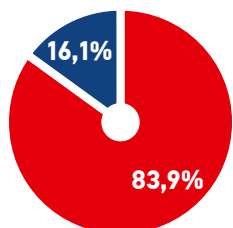


HEALTHCARE REFORM

55%

Progress in Tasks
completion
for 2015

REFORM PERCEPTION



THE CITIZENS THINK THAT:

■ NO CHANGES
■ CHANGES EXIST

TNS Survey conducted by the
TNS agency on a monthly
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Age of respondents: 18-55
Question asked: How would you evaluate the
reforms progress?

Blue segment: people, who answered that
the changes really exist

Red color represents those who doesn't see
any changes

TASKS

Health care reform implementation plan approved	40%	New national public health centre established, with local branches and single lab network (by reorganization existing institutions and organizations)	60%
Project for a World Bank loan for health care reform prepared	100%	Approved formula for distribution of medical subvention from the state budget to the local budgets on the basis of the standards per capita of services provided and successfully treated case based on the DRG methodology	20%
Working group created for the preparation of law amendments related to advertising of medicines	50%	Shift toward financing based on standards per capita	20%
Legislation developed to eliminate corruption in the public procurement system	100%	Pharmaceutical market deregulation	50%
National reform coordination mechanism established for the reform of the health care system	40%	Amendments made to Provisions on the Ministry of Health (MOH); Order on structure of the MOH adopted	100%
Law on health care facilities and health services approved	50%	Public procurement of medicines successfully completed in 2015	40%
New National list of essential medicines developed	40%		

OUTCOMES

The concept of 'medical service' determined in legislature; service costing methodology developed	40%
Evidence based clinical guidelines approved	30%
Healthcare facilities autonomization	0%

PERCEPTION

Public support for the health reform (TNS)	16%
Subjective evaluation of the healthcare system (TNS)	13%
Satisfaction with the quality of health care services (TNS)	5%



Progress to date:

- The **Tax Reform Concept** was discussed within the scope of the communication platforms (14 industry platforms and 6 open platforms).
- Twelve meetings of the **Tax Reform Task Force** took place to discuss various tax models, review the European experience and approve principles of the tax reform.
- The Plan of Institutional Changes in Activities of the State Fiscal Service was endorsed by the Minister of Finance (on June 4, 2015), and the IMF.
- The Draft Law “On Amendment of the Tax Code of Ukraine (Reduction of the Tax Pressure on Tax Payers)” (registered # 2004) was adopted by the Verkhovna Rada and signed by the President. This Law has come into effect.
- A number of draft laws on the **improvement of the tax administration** were developed and submitted to the Verkhovna Rada.
- The Law of Ukraine “On Amendment of the Tax Code of Ukraine and Some Other Legislative Acts of Ukraine (Tax Reform)” was adopted (an **electronic VAT administration system** was implemented; **criteria for the automated VAT refunds** were reviewed).
- The negotiations are going on to co-ordinate two tax reform concepts suggested by the Ministry of Finance and the alternative reform project from the Committee of the Verkhovna Rada.

The Minister of Finance of Ukraine presented the tax model developed as a result of communication platforms to the National Reform Council on September 3.

- The National Tax Reform Dialog has started: the first meeting took place in Lviv and further meetings are scheduled to take place in Kharkiv and Dnipropetrovsk.
 - A draft law was developed on the reduction of rental fees for private gas production companies.
 - A Strategy of the Revision of Ongoing Double Taxation Conventions was developed aimed at bringing them into conformity with the OECD Model Convention. The revision procedures started with several countries.
 - The system of the administration of cash registers has been simplified for tax payers.
- The transfer pricing control legislation was improved in line with the OECD principles.

What has not yet been achieved:

- No new draft Tax Code was submitted to the Verkhovna Rada in September 2015, because the relevant committee of the Rada developed an alternative tax model, and the joint work on developing a single tax model was started.
- The government-sponsored draft law on the rental fees was not supported by Rada members (an alternative bill tabled by a Rada member was supported).

Ongoing high-priority actions to accelerate the reform:

- Ensure close co-operation between the Cabinet of Ministers and Verkhovna Rada, adhere to a single concept of the tax system reform.

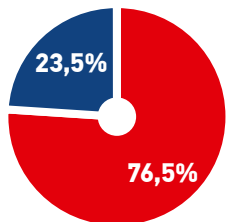


TAX REFORM

69%

Progress in Tasks completion for 2015

REFORM PERCEPTION



THE CITIZENS THINK THAT:

■ NO CHANGES
■ CHANGES EXIST



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Age of respondents: 18-55
Question asked: How would you evaluate the reforms progress?

Blue segment: people, who answered that the changes really exist

Red color represents those who doesn't see any changes

TASKS

Developed and approved the Concept of tax reform (which, inter alia, will include reducing the tax burden, including payroll, reducing the number and scope of tax returns, abolition of inefficient taxes and fees, the abolition of tax benefits).

60%

Developed and endorsed the institutional changes of DFS (including the reduction of DFS employees and optimizing its structure).

100%

The Tax Code of Ukraine and other legislative acts amended according to the Concept of tax reform.

75%

Improved tax administration by amending the Tax Code of Ukraine, which provide for: (1) consolidation of functions providing integrated tax advice for the Ministry of Finance; (2) the introduction of financial mediation (improving procedures for administrative appeal); (3) the transfer of large taxpayers - legal entities registered with the inspection services to large taxpayers; (4) introduction of taxpayers - individuals with large amounts of income in the inspection service for large taxpayers.

65%

Simplified system of tax administration for taxpayers which use cash registers

100%

Agreements on avoidance of double taxation with other countries and agreements on exchanging information with countries that are included in the list of offshore zones have been signed.

50%

Introduced new tax treatment of mining industry taking into account the best international practices

80%

The effect of the general VAT regime extended to the entire agricultural sector.

75%

VAT system brought in line with EU legislation.

25%

Legislation on the control of transfer pricing harmonized according to the OECD principles.

100%

Increased transparency of the tax system: (1) created public database of individual tax advice; (2) expanded use of electronic services for taxpayers. (3) open access to tax information on specific economic entities; (4) The tax control depends on the risk of taxpayers' activities.

100%

Included changes to legislation that simplified procedure for automatic VAT refund.

100%

Taxation aligned with EU requirements: (1) is brought into compliance with EU requirements for excise goods, which should include electricity. (2) harmonized with the EU requirements the structure of the excise tax on tobacco products. (3) The amount of the excise tax on tobacco products brought into line with EU law: the proportion of tax in the weighted average retail price of tobacco products increased to 60%, while the tax amount is not less than EUR 90 per 1 thousand pieces. (4) introduced the system of reimbursement of VAT tax subjects - legal entities that are not based in the EU. (5) the harmonized structure of excise duty on alcohol and alcoholic beverages by introducing a new category of excisable goods - «intermediate goods» (drink strength 1.2% - 22% of the volume, which is a mixture of natural wine and alcohol).

50%

Included changes to legislation, which provides conditions for repayment of stale VAT refund.

100%

Introduced personal financial responsibility of DFS for losses incurred by taxpayers through illegal acts or omissions of employees of DFS.

0%

OUTCOMES

Rating «Paying Taxes» of the World Bank and the International Finance Corporation (IFC)

PERCEPTION

Taxpayers positively evaluate the reformed tax system

Taxpayers trust the DFS employees (TNS)

17%

Taxpayers are generally satisfied with the DFS service level

SCORECARD



PUBLIC ADMINISTRATION REFORM

PURPOSE	STRATEGIC GOALS	OPERATIONAL GOALS
An efficient public administration system with modern management processes focused on sustainable development	Professional civil servants ensure protection of the public interest and achieving government objectives	Civil servants are professional, result oriented and politically independent
		Civil servants have fair, transparent and competitive remuneration which ensure proper motivation
		Modern HRM practices and tools are implemented and effectively operate in the state bodies
	The rational and responsive system of state bodies effectively develops and implements the public policy	The state administration bodies ensure accountability, liability and transparency
		Each state body has clear responsibilities with corresponding functions and the optimal organizational structure
		The state bodies use public financial resources transparently, effectively and efficiently in accordance with strategic goals
		Government institutions effectively perform all procedures critical to consistent and competent policy making harmonized with strategic planning
	All citizens receive quality public services	Public services are available, affordable and accessible to all the citizens
		Citizens receive high-quality and convenient services oriented to satisfy their needs
		State policy aims to reduce the administrative burden and to ensure fair treatment in . administrative cases. Citizens are satisfied with the level of administrative burden

Reform passport – a brief review of the reform, of its targets and expected results, based on the key strategic documents:

Sustainable development Strategy “Ukraine 2020”; the Coalition agreement; the Program of the Ukrainian Government; the Association Agreement between the EU and Ukraine (including DCFTA); Ukraine – IMF Memorandum.



PUBLIC ADMINISTRATION REFORM

Progress to date:

- The Reform Strategy of the Civil Service and Service in Local Self-government Bodies until 2017 was adopted and the Action Plan for its implementation was approved (the Cabinet of Ministers resolution dated March 18, 2015 № 227-r).
- Draft laws **“On Civil Service”** (# 2490) and **“On Service in Local Self-government Bodies”** (# 2489) were adopted in the first reading on April 23, 2015.
- The Government started preparing the **Public Administration Reform Strategy till Year 2020, and the Plan of its implementation**. The completion has been postponed till Q4 2015. Negotiations with the EU proceed regarding the financial support to the implementation of the public administration reform.
- The draft Law “On Amendment of Some Laws of Ukraine in Respect of the Organization of Activities of the Cabinet of Ministers of Ukraine and Central Executive Agencies” (# 2354a of July 15, 2015) was registered.

Including also the 3rd Quarter:

- The establishment of a register of vacancies in the state authorities on the basis of data of the National Public Service Agency of Ukraine was started. The National Public Service Agency approved its Order # 161 of July 24, 2015, “On Approval of Forms of Reporting on the Quantity of Public Officers”. The data gathering exercise has started.

1300 amendments to the draft Law “On Civil Service” (# 2490) were considered. The draft law was recommended for the second reading. The draft law is recommended by the relevant Parliament Committee of Ukraine to be adopted in second reading and as a whole law.

What has not yet been achieved:

- The adoption of the new law on the civil service and amendments to laws on the Cabinet of Ministers and central executive bodies (as required by the Coalition Agreement) failed.
- Comprehensive functional analysis and the organizational restructuring of state authorities (as required by the Coalition Agreement) was not performed.
- Reduction of overlapping and redundant functions of the state authorities did not take place and no reduction in the number of public servants occurred, and, accordingly, no salary increases in the state service happened (as required by the Cabinet of Ministers Action Plan).
- It was not possible to implement new mechanisms of the financing of ministries and other central executive bodies on the basis of the amount of tasks vested and their performance results (as required by the Coalition Agreement).

Ongoing high-priority actions to accelerate the reform:

- Adopt the law “On Civil Service” and amendments to laws on the Cabinet of Ministers of Ukraine and central executive bodies; introduce appropriate changes into the Rules and Procedures of the Cabinet of Ministers.
- Approve the Public Administration Reform Strategy, the plan, and the costs of its implementation, and come to an agreement with the EU on the relevant financial support.
- Introduce the competitive selection of public servants and enhance salaries for professionals.
- Amend the Budget Codes of the ministries and other central executive bodies so that the budgets are planned in accordance to functions not to the quantity of employees.

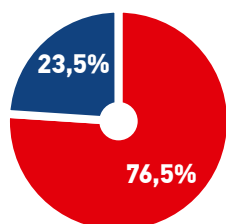


PUBLIC ADMINISTRATION REFORM

33%

Progress in Tasks completion for 2015

REFORM PERCEPTION



THE CITIZENS THINK THAT:

■ NO CHANGES
■ CHANGES EXIST

TNS Survey conducted by the TNS agency on a monthly basis.

Age of respondents: 18-55
Question asked: How would you evaluate the reforms progress?

Blue segment: people, who answered that the changes really exist

Red color represents those who doesn't see any changes

TASKS



OUTCOMES



PERCEPTION



Concept of public administration reform and 2015-2017 implementation plan developed and adopted	40%	New Regulation Act adopted to distribute responsibilities and tasks among public bodies (central executive bodies, bodies with special status, national commissions) - based on public administration reform concept	0%	Number of non-core assets and budget expenditures for their ownership reduced. (Target - to reduce significantly the number of non-core assets and budget expenditure for their maintenance in the system of central executive bodies)	% Increase of average civil service salary (in 2015 increase of salaries is to be ensured via reduction of functions and posts in public administration)	Number of basic administrative services delegated to local self-government (1 September 2015 - 70%; 1 July 2016 - traffic police (100%))	Stakeholders (civil society, business associations, other) are satisfied with openness and transparency of decision-making (policy making) in government bodies
New Law on Civil Service adopted in line with SIGMA benchmarks. Supporting regulations to implement the new Civil Service Law adopted. (List of regulations will be finalized after adoption of the law)	70%	Law(s) on decentralization of essential administrative services developed and adopted (May 2015 - 75%), regarding traffic police - by December 2015 (100%)	20%	Global Competitiveness Indicator by World Economic Forum: Ukraine holds 130 th out of 140 according to «Institutional efficiency»	Ukraine's ranking in World Bank's Worldwide Governance Indicators	Total number of centres of administrative services. Number/share of centres of administrative services in compliance with quality requirements. Number/share of centres of administrative services, which are positively assessed by independent experts. (Target: 2015 - 50%; 2016 - 75%; 2017 - 100%).	Citizens positively assess the Government and Ministries' results of activity.
New law On Service in Local Self-Government adopted in line with European principles of public service Supporting regulations to implement the new Law adopted. (List of regulations will be finalized after adoption of the law)	70%	Law(s) on fees for administrative services developed and adopted (2015 year) - 100%. Law(s) that set fees for basic administrative services: 2015 - 75%; 2016 - 100%	10%	Commission for Senior Civil Servants is created and the staff is appointed	Attracting 70% of new civil servants (also incl. law enforcement, courts, other state bodies)	Number of reduced administrative services (permit, certificate, other). Reduction in relation to the number of administrative services on 1 January 2015: by 30% in 2015; by 15% in 2016; by 15 % in 2017.	Citizens assess civil service to be effective and transparent
Order of the Agency to create a Register of Public Servants and relevant statistical forms adopted. Register launched, primary information created, register renewed on a regular basis (quarterly).	60%	Law On Administrative Procedure developed and adopted - 2015 (100%)	50%	Civil servants (including heads of central executive bodies) are appointed based on merit via open recruitment in line with the new Civil Service Law	The number of civil servants on managerial level (categories A and B) does not exceed 1/3 of civil servants on execution level (category C)	Number of ministries where state secretaries are appointed on competitive basis	Perception of quality of administrative services based on the results of the national social research - «good» and «very good»: 2015 - 20%; 2016 - 35%; 2017 - 50%.
Changes to the Laws on Cabinet of Ministers and Central Executive Bodies developed and adopted	50%	Indicators of effectiveness and efficiency of government performance and civil service are developed and adopted. (incl. effectiveness of the use of public funds) (in the form of Order of the Agency for Civil Service)	0%	Share of civil servants who underwent performance appraisal according to the new Civil Service Law	Share of strategic decisions adopted at the Cabinet level (according to set criteria). Share of draft Cabinet decisions published in advance	Web-portal of administrative services launched: 2015 - full informational service.	Average assessment of quality of administrative services provided in the Centres (exit polls) - «good» and «very good»: 2015 - 80%; 2016 - 90%; 2017 - 95%.
Changes to the Cabinet Rules of Procedure developed and adopted	0%			Average salaries for comparable posts in central executive bodies diverge by no more than 20%	List of outdated, irrelevant, and redundant functions and programmes of government bodies is identified. Number of such functions and programmes reduced in 2015 at least by 25%, in 2016 - at least by 50%, in 2017 - at least by 25%.		

SCORECARD



FINANCIAL SECTOR REFORM

PURPOSE	STRATEGIC GOALS	OPERATIONAL GOALS
FINANCIAL SECTOR TO BE: • Fully competitive • Investment attractive • Innovative • EU-standards driven • Capable to ensure sustainable economic growth	Financial Stability and Dynamic Development of Financial Sector are achieved	Full-fledged competition and free movement of capital are introduced
		Strengthened macro and micro prudential regulation
		Corporate Governance of Financial Market Participants is Improved
		Modern financial instruments are introduced
		Financial Sector Infrastructure is modernized
		Creditors Rights Protection is ensured
	Regulators Institutional Capacity is strengthened	Institutional and financial independence is ensured, internal control and governance of regulators is increased
		Transformation of Financial Sector regulators is performed functions are distributed; risk-based supervision is introduced 2.3 Co-ordination between all regulators and between regulators and market participants is improved
		Coordination between all regulators and between regulators and market participants is improved
	Protection of Consumers and Investors is ensured	Financial literacy is increased
		Consumers Protection Legislation corresponds to EU standards
		New tools for consumers and investors protection are introduced

Reform passport – a brief review of the reform, of its targets and expected results, based on the key strategic documents:

Sustainable development Strategy “Ukraine 2020”; the Coalition agreement; the Program of the Ukrainian Government; the Association Agreement between the EU and Ukraine (including DCFTA); Ukraine – IMF Memorandum.



Progress to date:

- The **availability of an instrument for creating sustainable and predictable deposit base for banks** was ensured (Law of Ukraine "On Amendment of Some Legislative Acts of Ukraine on Conditions of Repayment of Term Deposits" # 424-VIII of May 14, 2015).
- Regulatory instruments were adopted to **clean up the bank market and reduce insider lending** in line with IMF requirements on the basis of the disclosure of the ownership structure, the information about related parties, the requirements for the financial standing of holders of qualified participation in banks (Law of Ukraine "On Amendment of Some Legislative Acts of Ukraine in Respect of the Liability of Related Parties of a Bank" # 218-VIII of March 2, 2015; Resolutions of the NBU ## 315, 328, 332, 357).
- The **institutional capacity and the financial independence of the NBU** were secured (Law of Ukraine "On Amendment of Some Legislative Acts of Ukraine in Respect of National Bank of Ukraine's Institutional Capacity Building" # 541-VIII of June 18, 2015; Law of Ukraine "On Amendment of the Budget Code of Ukraine to Build Institutional Capacity of the National Bank of Ukraine" # 542 VIII of June 18, 2015, which came into effect on July 10, 2015).
- The process of **resolution of insolvent banks was improved** (Law of Ukraine "On Amendment of Some Legislative Acts of Ukraine in Respect of the Improvement of the Household Deposit Guarantee System and the Resolution of Insolvent Banks", # 629-VIII of July 16, 2015).

In 9 months of the year 2015, 27 insolvent banks were resolved (32 banks were resolved during the entire year 2014).

Including also the 3rd Quarter:

- A package of draft laws focused on **creditor protection** were submitted to the Verkhovna Rada; their implementation would support the

resumption of lending (draft laws # 2286a of July 3, 2015, # 2460a of July 29, 2015 on the protection of creditors; 2506a-2508a of August 14, 2015, on private enforcement officers).

- In pursuance of the IMF program, a draft law on the financial restructuring was developed with the support from international donors (e.g., EBRD and IMF) **to solve the issue of problem loans and improve the supervisory system**—for instance, to reduce the credit risk concentration (draft law # 3111 of September 16, 2015, on NBU credit register).
- Steps were made to **solve the challenge of foreign currency-denominated mortgage loans**—the Independent Association of Ukrainian Banks (NABU) developed a draft law "On Restructuring of Liabilities of Citizens of Ukraine under Loans Denominated in Foreign Currency for the Acquisition of the Sole Shelter (Mortgage Loans)" tentatively supported by the IMF.
- Starting from April, the amount of domestic currency deposits has been growing; in September, the amount of **domestic currency deposits exceeded their level as of the start of the year** by 0.5%. The amount of **foreign currency deposits grew by 1.4%** in September (for the first time in two years). NBU's **international reserves grew to USD 12.8 billion** as of October 1, 2015, from USD 7.5 in the beginning of the year. The NBU discount rate was reduced from 30 to 22 percent.
- Important steps were made to **clean up the stock market** from junk assets and manipulators: as of September 22, 2015, the National Securities and Stock Market Commission opened 51 securities market manipulation proceedings in connection with deliberate acts having indications of the

price manipulation on the stock market; within two months, the trades of 99 issuers with the

total capitalization of about USD 500 billion were suspended (to compare, the richest person in Ukraine has the net worth of USD 6.7 billion or UAH 154 billion); the principles of the acquisition of the substantial interest in a professional mem-

ber of the stock market were synchronized with the principles introduced in Ukraine's banking sector (amendments to Decision of the NSSMC # 394 of March 13, 2012, endorsed by the Regulator on September 18, 2015); new securities listing requirements were approved (Decision of the NSSMC #1217 of August 6, 2015).

- A draft law was developed to **support the development of the capital market**: "On Amendment of Some Legislative Acts of Ukraine (Regulated Markets and Derivatives)".
- Substantial steps were made to **clean up the non-bank financial institution market**: over the 9 months of the year 2015, the National Commission in Charge of the State Regulation of Financial Service Markets annulled licenses of more than 30 insurers (382 companies were licensed as at December 31, 2014); the new wording of the Policy on Obligatory Criteria and Target Ratios of Insurer Asset Sufficiency, Diversification and Quality was developed as a tool for the continued clean-up of the insurance market.

What has not yet been achieved:

- Most measures within the scope of the reform program are implemented within the agreed time frames and with the proper quality, which is endorsed by international donors, such as the IMF or the EBRD. However, delays with the adoption of the relevant bills needed for the implementation of the financial sector reform cause major concern.

Ongoing high-priority actions to accelerate the reform:

To speed up the reform progress, it will be necessary to adopt laws in autumn, which:

- **Start of the pension reform** as the source for the long-term funding for the financial sector and give the development impetus to the stock market (the draft law on the amendment of some legislative acts of Ukraine in respect of the implementation of an accumulative system of the statutory state pension insurance and unified pension accrual principles # 2767 of April 30, 2015). This

bill is a structural milestone under the IMF Memorandum of July 21, 2015.

- **Strengthen the institutional capacity of the National Securities and Stock Market Commission**, and vest the supervision of non-state pension funds in this commission, and vest the supervision of insurance companies, credit unions, and other financial institutions in the NBU, provide **additional tools for the stock market clean-up** (the draft Law of Ukraine "On Amendment of Some Legislative Acts in Respect of the Implementation of IOSCO Principles in Respect of the Operation of the Stock Market Regulator"; the draft law on amendment of some legislative acts of Ukraine in respect of the consolidation of financial service market state regulation functions (# 2413a of July 20, 2015); the draft law on the amendment of item 3 of Section II "Final Provisions" of the Law of Ukraine "On Amendment of the Tax Code of Ukraine and Some Legislative Acts of Ukraine in Respect of the Tax Reform" providing for the restriction of inspections in the field of business # 2300a of July 6, 2015).
- **Support the protection of rights of creditors and the reduction in the credit risk concentration, and, accordingly, contribute to the resumption of lending and the reliability of the system** (draft law # 2286a mentioned above being a structural milestone under the IMF Memorandum of July 21, 2015; draft law # 3111 implementing the undertakings under the IMF Memorandum of July 21, 2015; draft laws # 2460a, 2506a-2508a of August 14, 2015, on private enforcement officers).
- **Protect rights of financial service consumers and, accordingly, contribute to the restoration of the trust of the population** (draft laws "On Amendment of Some Legislative Acts of Ukraine To Improve Protection of Rights of Financial Services Consumers" # 2456 of March 23, 2015; "On Consumer Lending" # 2455 of March 23, 2015).
- **Encourage the development of the non-bank financial sector** (draft law # 1797-1 "On Insurance").

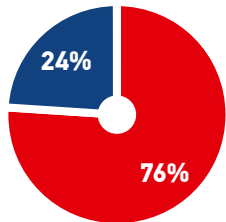


FINANCIAL SECTOR REFORM

69%

Progress in Tasks completion for 2015

REFORM PERCEPTION



THE CITIZENS THINK THAT:

■ NO CHANGES
■ CHANGES EXIST

TNS Survey conducted by the TNS agency on a monthly basis.

Age of respondents: 18-55
Question asked: How would you evaluate the reforms progress?

Blue segment: people, who answered that the changes really exist

Red color represents those who doesn't see any changes

TASKS

Reform program and methodology for indicators assessment have been developed

100%

Project teams have been created to implement the reform program, action plans developed

100%

Changes to legislation to strengthen the institutional capacity and financial independence of the NBU have been provided

100%

Changes to legislation to strengthen institutional capacity and financial independence NSSMC have been provided

25%

Amendments to legislation regarding the transfer of regulators' functions have been conducted (transfer of functions from The National Commission for State Regulation of Financial Services Markets to the NBU and NSSMC)

50%

Changes to legislation to strengthen the institutional capacity of DGF have been provided

100%

Legislation on taxation and services in the financial sector has been amended.

20%

Legislative provisions of the creditors' rights protection (adoption of the law)

50%

Legislative provisions of the rights of financial services consumers (adoption of the law)

50%

The development of derivatives (adoption of the law)

25%

Strengthening control and responsibility for the operations of banks' related party transactions (adoption of the law)

100%

Stimulation of the insurance market (a new edition of the Law «On insurance»)

50%

Ensuring resource base of banks extension by adopting the law on term deposits

100%

Improving the protection of minority shareholders through the introduction of the derivative action institution

100%

OUTCOMES

Consumer price inflation (CPI)

The level of foreign-currency and gold reserves

18%

The level of cash in the economy

The level of non-cash payments in local payment system

The level of dollarization of loans and deposits

The level of nominal interest rates on new loans in national currency

The level of capital adequacy

Herfindahl-Hirschman concentration index

Credit-to-deposit ratio

The penetration rate of insurance

Technical reserves of insurers

Pension savings of HHs

Assets of the second tier pension scheme

Assets of public JII

The status of Ukraine's financial market according to the classification of international index agency FTSE

Financial market development

Stock exchanges regulation

Economic freedom index

Legal rights reliability index

PERCEPTION

Experts' assessment of the success of regulators

Market participants' assessment of financial market infrastructure

Social assessment of financial market credibility



EDUCATION REFORM

PURPOSE	STRATEGIC GOALS	OPERATIONAL GOALS
Quality education that fosters critical and creative thinking and prepares socially active citizens able to ensure cultural and sustainable economic development in the framework of globalized competitiveness	Qualitative content and learning methods	Systemic renewal of educational content is conducted
		Alignment of educational programs to meet the needs of the market and incorporation of scientific and technological innovation in education
		Academic autonomy of educational institutions is ensured
	Equal access to qualitative education	Effective network and sufficient infrastructure for educational institutions is provided
		Accessibility of education is ensured (physical access and adaptable educational content, methods and environment)
	Effective management of education system and spending of public funds	Financial and organizational autonomy of educational institutions is ensured
		Division of control and support functions in education management system is conducted; Efficient mechanism of public participation in education is implemented
		Transparent and rational system of finance distribution is organized
	Highly qualified and motivated teachers / academics	Qualitative changes to teacher preparation is ensured
		Teacher's qualification system is demonopolized
		A new generation of academic personnel is formed

Reform passport – a brief review of the reform, of its targets and expected results, based on the key strategic documents:

Sustainable development Strategy "Ukraine 2020"; the Coalition agreement; the Program of the Ukrainian Government; the Association Agreement between the EU and Ukraine (including DCFTA); Ukraine – IMF Memorandum.



Progress to date:

- Two draft laws were developed: (1) “On Vocational Education” providing for the complete reformation of the vocational training system and offering opportunities for employers to influence the development of the vocational education (the bill is now reviewed by the Cabinet of Ministers) and (2) “On Research and Science/Technology Activities” providing for the modification of the process of organizing and financing scientific research. These draft laws have been submitted to the Parliament and are expected to be reviewed in November.
- On July 15, the Horizon 2020 agreement was signed with the EU for Ukrainian universities and research institutions to gain access to the financing of innovative research and development projects (Horizon 2020 has a budget of EUR 80 billion).

Activities of 76 higher education establishments and their branches, which did not deliver the proper educational quality, were terminated.

- The academic autonomy of universities was substantially expanded. They are able to set up curricula and recognize foreign diplomas on their own.
- For the first time, the ZNO external independent assessment was merged with the state final assessment in the Ukrainian language (in the future, the range of such combined assessment subjects will be expanded; two final assessments will be merged with the ZNO).
- Curricula of the elementary and general secondary school were reviewed for being overloaded with content.

Including also the 3rd Quarter:

- The control was strengthened over the academic integrity (suppression of plagiarism).
- The procedure of the internal and external academic mobility of students and teachers was introduced.
- The 2015 enrollment campaign took place on the basis of a new principle: the enrollee had to assign a priority to his or her applications; they were selected automatically on the basis of the assigned priorities, and proposals for the state-funded training were made in line with the enrollee's top priorities. This made it possible to circumvent informal university enrollment schemes and select students motivated to study.

What has not yet been achieved:

The implementation of the Law “On Higher Education” is not taking place fast enough. The Ministry developed more than 30 (out of 40) regulatory instruments needed for the implementation of this Law. 19 of them were adopted, while the rest are being under review. The red tape slows the reform substantially.

There is a delay with the submission of the draft Law “On Education” to the Cabinet of Ministers for review. This situation is caused by diverging interests of a large number of stakeholders, because this is the most important law for the educational sector that will set out the new ground rules for the whole system. The bill was broadly discussed by the educational community, the general public, and parents’ organizations. In late June, the public insisted on substantial refinement of the suggested bill before its submission to the Verkhovna Rada. The bill was under review during August and September. Plans call for the draft Law to be submitted to the Cabinet of Ministers for review in the nearest future.

Ongoing high-priority actions to accelerate the reform:

- Adopt the Law “On Education”
- Speed up the adoption of the regulatory framework for the higher education reform
- Develop the concept of the Law of Ukraine “On General Secondary Education”.

An important step toward the financial autonomy of universities was made by adopting a resolution that permits accounts to be held with state-owned banks for the own funds of educational establishments and makes it possible to use these funds freely for the development of the establishments. The transparency of the use of funds is supported by the requirement for educational establishments to publish their financial and other reports on their websites.

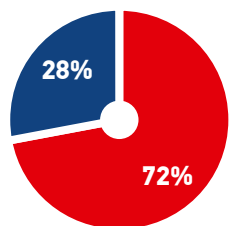


EDUCATION REFORM

59%

Progress in Tasks
completion
for 2015

REFORM PERCEPTION



THE CITIZENS THINK THAT:

■ NO CHANGES
■ CHANGES EXIST

TNS Survey conducted by the
TNS agency on a monthly
basis.

Age of respondents: 18-55
Question asked: How would you evaluate the
reforms progress?

Blue segment: people, who answered that
the changes really exist

Red color represents those who doesn't see
any changes

TASKS

Developed Strategy for Higher education reform in Ukraine until 2020	50%	Scientific and methodical council and scientific and methodical commissions at the MoES organized	50%	Mechanism for access to finance and administrative information of local education departments developed (in particular to the system of school budgets allocation at the local level)	0%
Developed draft Laws «On Education», «On Vocational Education»	100%	System of theses preparation and submission reformed	60%	Electronic competitions of school textbooks	100%
Ukraine-EU Agreement «Horizon 2020» signed and ratified	100%	New Law «On Education» adopted	50%	New specification of fields and specialties for Higher education institutions	100%
		Developed draft Law «On Scientific and Technique activity»	50%		
National Agency for Quality Assurance in Higher education organized and started its work	25%	Law «On Vocational Education» adopted	70%	External Independent Tests improved	100%
Implementation of National framework of qualifications	30%	New State standards for professional education developed and approved	37%	School curriculums revised (1-4 classes, 5-9 classes)	100%
Concept and Action Plan for national and patriotic education developed and approved	100%	Concept for pedagogical education development revised	50%	Legislative documents on preschool institutions financing developed	0%
Normative-legislative base for inclusive education realization at all Ukraine educational levels developed.	50%	MoES analytical capacity increased	55%	Equalize conditions for operation of pre-school and primary school institutions of different types of ownership	30%

OUTCOMES

Transparency of administrative and finance activity of Universities and vocational institutions	Informatization and computerization of schools (adoption of a new sanitary, medical norms for computer classes and adoptions requirements to informational (program) supply
Transparency of administrative and finance activity of local education departments	English-language environment for children and youth created
Increasing the number of Universities, schools, research institutions participating at international education programs (Horizon2020, Erasmus+ and international projects)	Participation in PISA
Increasing of competitiveness of Ukrainian education	De-bureaucratization of education
Network of vocational institutions improved	Public trust to teacher and scholar increased (TNS) 67%
Educational, vocational, and scientific curriculums in higher educational institutions developed and approved	Society estimates education reform as successful
Pre-School education enrolment increased	Increased level of employees' satisfaction of the quality of higher and vocational education and its aim to satisfy the needs of labour market

PERCEPTION



SCORECARD



ENERGY SECTOR REFORM

PURPOSE	STRATEGIC GOALS	OPERATIONAL GOALS
Building a system with long-term sustainability for the national finances, national security, consumers, businesses and the environment	Energy Markets Liberalized	Equal access to the market for state-owned and private companies is ensured; transparency and competition increased
		Market-based prices is ensured for all energy resources; tariffs for electricity and gas for all customers (incl. households) are on economically feasible level
		Majority of state-owned energy companies are privatized and/or restructured and managed in line with best practices
	Energy Resources Supplies Diversified and Rationally Utilized	Diversification of supply sources for all energy resources is ensured
		Increased production of own energy resources
		National energy consumption is decreased
	Effective Market Regulation, Safety and Environment Protection are Ensured	Independent and enhanced energy regulator is functioning
		Enhanced State Control of Energy Safety and Environment

Reform passport – a brief review of the reform, of its targets and expected results, based on the key strategic documents:

Sustainable development Strategy “Ukraine 2020”; the Coalition agreement; the Program of the Ukrainian Government; the Association Agreement between the EU and Ukraine (including DCFTA); Ukraine – IMF Memorandum.



ENERGY SECTOR REFORM

Progress to date:

- With the aim to create an effective competitive environment in Ukraine's energy markets, and with due account of key requirements of EU legislation:
 - the Law of Ukraine "On the Natural Gas Market" was passed on 9 April 2015. Secondary legislation developed and approved to implement this law
 - the draft Law of Ukraine "On the Electricity Market" was developed, public consultations were completed, positive assessments from the Energy Community and EU experts on its compliance with EU legislation (Third Energy Package) were received, the development of secondary legislation with the participation of leading experts commenced
 - the draft Law of Ukraine "On the National Commission for State Regulation of Electricity and Public Utilities" was developed, approved by the Cabinet of Ministers and submitted to the Verkhovna Rada
- Ukraine's energy security improved significantly due to the significant diversification of the energy supply routes and the reduction of Ukraine's dependence on one traditional gas supplier:
 - Substantial decrease in imports of Russian gas, which is now often significantly less than volumes of gas supplies at Ukraine's western border
 - Diversification of energy supply routes enhanced effective negotiations with the Russian Federation and resulted in a decrease of the gas price from USD 337.1 per 1,000 cubic meters (1st Quarter 2015) to USD 227.40 (4th Quarter 2015).
- With the purpose to diversify supply sources for nuclear electricity plants:
 - agreements with alternative suppliers were signed (in particular, with Westinghouse) to supply modified fuel deliveries and to enrich uranium, providing Ukraine with a number of important benefits including guaranteed fuel supplies to all energy blocks in case of crisis circumstances, increase of nu-

- clear fuel supply volumes and price decreases
- Law of Ukraine "On the Termination of the Effect of the Agreement between the Cabinet of Ministers of Ukraine and the Government of the Russian Federation on the Cooperation in the Construction of Energy Blocks No. 3 and 4 of the Khmelnytskyi Nuclear Power Plant (NPP)" was adopted with the aim to retain alternative equipment suppliers with respect to the construction of the nuclear blocks.
- Clean, cost efficient NPP-generated electricity grew from 47% to 56% of Ukraine's electricity production structure
- The preparation of the first report of the Extractive Industries Transparency Initiative (EITI) is at its final stage. The publication of the report it is anticipated to introduce international reporting standards, improve the administration system with regards to natural resources, strengthen the trust of the international community, private investors and international financial institutions to Ukraine. The Law of Ukraine "On Amending Certain Legislative Acts of Ukraine on Ensuring Transparency in Extractive Industries" was passed on 16 June 2015.
- With the participation of leading experts, new royalties on gas extraction were conceptually developed (decreasing from 55% in relation to fields with the depths more than 5000 meters, and 28%, in relation to the fields with the depths of less than 5000 meters, to 29% and 14%, respectively) in order to provide economic incentives to increase domestic production of hydrocarbons and reduce imports.

The process of privatization is ongoing for power utilities and coal mining enterprises. The list of coal mining facilities subject to privatization in 2015 has been updated, namely 26 entities, pre-privatization preparation was completed in relation to five coal mining enterprises, including one in Volyn oblast and four in Lviv oblast. The preparation of enterprises in the Donetsk and Luhansk oblasts is underway.

- The draft Law of Ukraine "On State Support of the Coal Industry" was developed and is currently undergoing public consultations, which envisages new pricing principles, new principles for the provision of government support to the coal industry in order to implement effective restructuring of the sector (liquidation and conservation of coal mines), ensure self-sufficiency of coal extraction and cut state support by 2020 (for dewatering, output increase and environmental protection operations only).
- The Concept of the Development of the Ukrainian Coal Industry was developed, approved by trade unions and the Cabinet of Ministers of Ukraine and submitted to the Verkhovna Rada of Ukraine.
- The Concept of the Development of the Ukrainian Nuclear Industrial Sector was developed and submitted to the Cabinet of Ministers of Ukraine.
- According to Ukraine's commitments to the IMF and pursuant to the approved schedules, a phased increase of tariffs on natural gas and electricity for all consumer groups, including residential consumers, is being implemented. A transition to an economically-sound level of natural gas and electricity tariffs will stimulate efficient use of these resources and installation of energy efficient equipment. To protect the most vulnerable groups of the population, the system of subsidies for housing and public utilities was simplified.

What has not yet been achieved:

- Economic incentives for boosting the domestic production of hydrocarbons (in order to reduce imports) and for attracting private investments in the energy sector were not yet established legally.
 - The draft Law of Ukraine No. 2352a

which anticipated the actual decrease of gas royalties as of 1 October 2015 was not adopted by the Verkhovna Rada of Ukraine.

- The Verkhovna Rada did not adopt the Law of Ukraine "On the National Commission for State Regulation of Energy and Public Utilities".
- The Verkhovna Rada of Ukraine did not adopt the Law of Ukraine "On State Support of the Coal Industry".
- Trading in steam coal through stock exchanges in order to determine its fair market price was not implemented.

Ongoing high-priority actions to accelerate the reform:

- Adopt a number of important draft laws, including the draft law "On the Electricity Market", "On the National Commission for State Regulation of Energy and Public Utilities", "On the State Support of the Coal Industry", and the Concept of the Development of the Ukrainian Coal Industry and the Concept of the Development of the Ukrainian Nuclear Industrial Sector.
- Improve communication and approval of laws and secondary legislation between different public authorities.
- Increase the level of interaction and coordination within the Reform Task Force, to strengthen the role of independent experts.
- Introduce a mechanism of operational reaction to investors' concerns in the energy sector.
- Intensify reforms with respect increasing energy efficiency.
- To develop a number of rules aimed at the efficient use of energy resources.
- To improve the financial condition of state enterprises as a result of further cost optimization and implementation of priority investment programs.
- To change the approach to the system of retaining professional staff in the central power bodies and state enterprises.

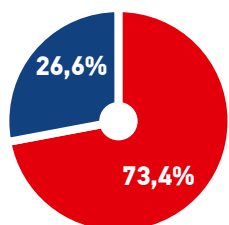


ENERGY SECTOR REFORM

31%

Progress in Tasks completion for 2015

REFORM PERCEPTION



THE CITIZENS THINK THAT:

■ NO CHANGES
■ CHANGES EXIST

Survey conducted by the TNS agency on a monthly basis.

TNS

Age of respondents: 18-55
Question asked: How would you evaluate the reforms progress?

Blue segment: people, who answered that the changes really exist

Red color represents those who doesn't see any changes

TASKS

Implemented mechanism to determine the market price of coal energy through electronic exchange trading	20%	Legislative level guarantee of an independent energy regulator according to the requirements of the Third Energy Package	15%	The system of targeted subsidies to vulnerable social groups to pay for gas and electricity is improved	35%
Approved by the State the Target economic program of reforming the coal industry for the years 2015-2020	25%	Ensured implementation of normative legal and technological measures to sync the Energy System of Ukraine with the united energy systems of EU countries	20%	Approved the National Action Plan on energy efficiency for the period until 2020 to improve the efficiency of final energy consumption and reduction or substitution of natural gas	25%
A first phase of a transparent and effective privatization of mines is completed	70%	Accepted secondary legislation for the reform and liberalization of the natural gas market in accordance with the Law «On the natural gas market»	40%	A mechanism of energy services (ESCO contracts) to attract private investment for energy efficiency measures in budgetary institutions is implemented	25%
Provided organization and infrastructure for an effective system of social support of the coal industry workers and the population of areas with coal and coal-processing enterprises that are under liquidation (conservation)	25%	Provided organization and infrastructure for the reorganization of «Naftogaz Ukraine» in accordance with the law «On natural gas market»	40%	Created Energy Efficiency Fund as an instrument for guaranteed state support and investment in the implementation of energy efficiency measures in homes and institutions of public sector	20%
		The law contains a provision on creation of economic incentives to build the state hydrocarbon production (to reduce imports) and to attract private investment in the energy sector	30%		
Adopted basic legislation for reform of electricity market in accordance with the requirements of the Third Energy Package	20%	Conducted gradual elimination of cross-subsidization and alignment of prices for natural gas and electricity for all consumers	50%		

OUTCOMES

Prices for coal of energy brands are determined by the market	The volume of gas consumption by population, budgetary institutions and organizations and enterprises CTV is reduced by 3.66 bn. cub. m. (to twenty bn. cub. m.)	Citizens understand the economically justified tariffs
State support of coal industry is reduced to a minimum (less than 2 bln UAH Per year) and is directed exclusively to funding for mine drainage and conservation	Conducted thermo-modernization of 24% apartment and individual houses	Consumers are satisfied with the quality of gas and electricity supply services
Completed process of privatization of state coal enterprises	Provided 100% control of gas, heat consumption and metering of water	Community is involved in the implementation of energy efficiency programs
Uniform tariffs for all consumers, including the population, for electricity and gas set at economically feasible levels	Energy-intensiveness of GDP in 2020 is reduced by at least 20% compared to 2014.	70% of respondents evaluate the process of arranging and receipt of targeted subsidies to pay for gas and electricity as «simple» and «effective»
The system of targeted subsidies for vulnerable social groups to pay for gas and electricity is functioning	Annual import into Ukraine of natural gas, oil / petroleum, coal and energy fuel for nuclear power does not exceed 30% from the single source / provider	
Implemented new liberalized market model of gas and electric power based on market relations between all parties, in accordance with the Third Energy Package		

SCORECARD



STATE OWNED ENTERPRISE GOVERNANCE REFORM

PURPOSE	STRATEGIC GOALS	OPERATIONAL GOALS
Operating efficiency of SOEs improved with proper budgetary oversight, Government's ownership policy towards SOEs and other state-owned assets developed, corporate governance of SOEs strengthened, restructuring and reorganization of SOEs completed and privatization process transparency executed	TRANSPARENCY & ACCOUNTABILITY SOE sector is transparent and disclosure standards improved	Transparency guidelines & disclosure standards are developed & adopted
		Compulsory external audits are implemented
		Regular reporting requirements on SOE sector are implemented
		SOE sector web-page developed and operational
	OWNERSHIP POLICY & CORPORATE GOVERNANCE STANDARDS Strategic objectives and principles of SOEs management and its short- and long-term targets and key principles of corporate governance in SOEs developed based on OECD Guidelines and the best foreign practices	Law on corporate governance and mechanisms of appointing Independent Board members is adopted
		Supervisory Boards in unitary enterprises are established
		Code of Corporate governance is implemented
		Corporatization of SOEs is conducted
		Strategic planning standards improved
		Clear objectives for SOEs are set
	NOMINATION AND REMUNERATION CEOs are nominated with transparent procedure and proper incentives plans that help to align owners and management interests developed to prevent embezzlement	Management system of non-commercial activities of SOEs is implemented
		Nomination procedure for CEOs and Board Members implemented
		Remuneration Policy of CEOs and Board members is implemented
	PRIVATIZATION & RESTRUCTURING Transparency and credibility of privatization process is increased. SOE portfolio is restructured	Management selection and remuneration procedure is implemented
		Privatization list and changes to law on privatization allowing hiring advisors are approved
		Restructuring of unprofitable and unpromising SOEs is conducted
		All loss-making SOEs with no turnaround potential are liquidated

Reform passport – a brief review of the reform, of its targets and expected results, based on the key strategic documents:

Sustainable development Strategy "Ukraine 2020"; the Coalition agreement; the Program of the Ukrainian Government; the Association Agreement between the EU and Ukraine (including DCFTA); Ukraine – IMF Memorandum.



STATE OWNED ENTERPRISE GOVERNANCE REFORM

Progress to date:

Introduction of more stringent information disclosure requirements for state-owned enterprises

- Methodological Recommendations for the Assurance of the Transparent Operation of Business Entities of the Public Sector of Economy were approved (Order of the Ministry of Economic Development and Trade # 116 of February 11, 2015).
- A draft law was developed prescribing the obligatory disclosure of the information (currently, disclosures have to be agreed upon with the line ministries in charge).

Analytical reports on the operations of Top 100 state-owned enterprises were prepared by the Ministry of Economic Development and Trade.

- The first analytical report for the year 2013 and 9 months of the year 2014 (Top 100) was published in English and Ukrainian.
- The 2014 analytical report (Top 100) was published in English.
- The Q1 2015 analytical report (Top 100) was published in Ukrainian.

Requirements for audits of financial statements by independent auditors were made more stringent.

- Resolution of the Cabinet of Ministers # 390 of June 4, 2015, on "Some Issues of Audits of Business Entities of the Public Sector of Economy" was adopted.
- The analysis of responses of ministries on the status of audits under Resolution of the Cabinet of Ministers # 390 of June 4, 2015, is going on.

Establishment of supervisory councils in unitary enterprises and the introduction of independent directors

- Amendments to the Law of Ukraine "On Management of State-owned Enterprises" were endorsed by the Cabinet of Ministers and submitted to the Verkhovna Rada for review.
- Rada's Economic Policy Committee approved the amendments; they are expected to be voted in November, 2015.
- The draft law was also submitted to the IMF for review; the comments were discussed with representatives of the IMF.

Transparent process of the appointment of

managers of state-owned enterprises and the market level of the compensation

- The procedure of the appointment of managers of the largest state-owned enterprises was upgraded by means of the approval of amendments to Resolutions of the Cabinet of Ministers # 777 of September 3, 2008, "On Competitive Selection of Chief Executive Officers of Business Entities of the Public Sector of Economy".

Harmonization of the salaries of chief officers of state-owned enterprises with the compen-

The concept of a National Holding Company was developed on the basis of the best international practices and OECD guidelines.

sations on similar positions in the private sector

- A draft resolution of the Cabinet of Ministers was prepared that will permit chief officers to obtain market-based compensations (in line with principles of the European Commission) was developed and submitted to the Cabinet of Ministers for review. The endorsement is expected.

Setting up clear objectives for state-owned companies and special obligations

- Data supplied by state-owned enterprises on objectives of their activities have been processed; the companies were divided into three categories (purely commercial, commercial plus strategic, purely strategic activity).
- A draft law on setting clear objectives for the top 100 state-owned enterprises was sent for endorsement.
- A methodology has been developed for gathering the information about special obligations of state-owned enterprises, the supervision and management thereof.
- The preliminary analysis of special obligations of the state has been carried out.
- Data on special obligations have been gathered and analyzed (commercial and non-commercial activity, regulated pricing).
- The methodology of the disclosure of non-commercial activities of state-owned enterprises was developed and sent for review to independent auditors and foreign experts, and com-

ments were collected.

Analysis of the existing portfolio of state-owned enterprises for the ascertainment of the restructuring strategy

- Resolution of the Cabinet of Ministers # 761 "On Approval of the Procedure of the Transformation of a State-owned Unitary Commercial Enterprise into a Joint Stock Company" was approved.
- Information about non-working state-owned enterprises has been obtained from managing bodies and processed. Due to the low quality of the available information and limited resources, a pilot project of liquidation of state-owned enterprises managed by the Ministry of Economic Development and Trade of Ukraine was launched in September. Plans call for using the lessons learned for all other ministries and state-owned enterprises subordinated to them.

A list of 345 state-owned enterprises that can be privatized in 2015 has been approved

- The Cabinet of Ministers issued an instruction on the development of restructuring plans for top 12 state-owned enterprises with the highest fiscal risks. The deadline for this exercise is November 1.

An Order of the Ministry of Economic Development and Trade on the revision of the methodology of the development of financial plans was approved; it provides for merging financial and strategic plans into a single document—a three-year action plan.

- Several meetings have been held with the participation of line ministries, chief executives of the largest state-owned enterprises and the Ministry of Economic Development and Trade for the discussion of challenges and the content of strategic and financial plans.
- Amendments are being developed to the existing law-making procedures.

Establishment of the National Holding Company to manage top 15 to 20 state-owned enterprises.

- A draft Resolutions of the Cabinet of Ministers

on the establishment of the holding company has been developed. It includes a preliminary list of state-owned enterprises to be handed over to the holding company, and has been sent to other ministries for approval.

- Ministry of Economic Development and Trade initiated the establishment of a working group comprising representatives of key line ministries and the State Property Fund of Ukraine in order to improve the communication process and detect issues with the holding.

Privatization of non-strategic state-owned enterprises

- A list of 345 state-owned enterprises that can be privatized in 2015 has been approved - Resolution of the Cabinet of Ministers # 271 of May 12, 2015, "On Transparent and Competitive Privatization in 2015".
- The Cabinet of Ministers approved a list of state-owned enterprises not subject to the privatization (913 SOEs), and submitted it to the

Verkhovna Rada for approval (draft law # 1567).

- Separate draft laws have been submitted to the Verkhovna Rada calling for the removal of state-owned distilleries

and seaports from the list of state-owned enterprises prohibited from being privatized.

What has not yet been achieved:

Privatization of non-strategic state-owned enterprises

- Verkhovna Rada did not vote on draft law # 1567, the list of SOEs not subject to the privatization (913 SOEs) and two alternative draft laws (on distilleries and sea transport).
- Verkhovna Rada did not approve amendments to draft law 2319a "On Improvement of the Process of Privatization of State-owned Enterprises".

Ongoing high-priority actions to accelerate the reform:

Organize a number of meetings with factions of the Verkhovna Rada to explain amendments to draft laws to be approved.

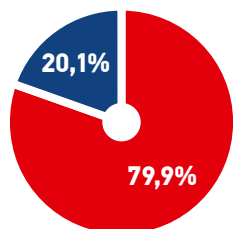


STATE OWNED ENTERPRISE GOVERNANCE REFORM

82%

Progress in Tasks
completion
for 2015

REFORM PERCEPTION



THE CITIZENS THINK THAT:

■ NO CHANGES
■ CHANGES EXIST

TNS Survey conducted by the
TNS agency on a monthly
basis.

Age of respondents: 18-55
Question asked: How would you evaluate the
reforms progress?

Blue segment: people, who answered that
the changes really exist

Red color represents those who doesn't see
any changes

TASKS

CMU Decree «On approval of the Strategy on improving the effectiveness of the entities in the public sector»	100%	Nomination Committee structure and procedure approved – MEDT Decree “On approval of principles of Nomination Committee”	100%	Legislation on corporatization process of SOEs except fiscal enterprises changed. CMU Decree “On adoption of transformation process of state unitary commercial enterprise into joint stock company”	100%
Guidelines on strategic planning and management are drafted	100%				
Preparation of the First Annual Report on SOE functioning	100%	Legislation on mandatory audit of financial accounts of SOEs changed – CMU Decree “On certain issues of conducting audit of SOE financial accounts”	100%	Legislation on appointment of independent members for the Board of directors of especially important enterprises from the professional sphere (Association of professional directors) changed	60%
Communication Strategy on SOE Reform prepared	100%				
Appointment of management for SOEs of especially important enterprises through contest, based on business competence and appropriate motivation system	100%	Legislation on privatization process with involvement of advisors and preparation for sale of the privatization objects in accordance with best international practices changed – Law of Ukraine “On privatization of state property”	20%	Necessary amendments to the Law of Ukraine “On the list of SOEs banned from privatization” (excluded more than 500 enterprises)	25%
				CMU Decree “On transparent and competitive privatization in 2015”	100%

OUTCOMES

Key financial information of the most important SOEs is now available at the web-site (TOP-100)

Number of CEOs of the most important SOEs (TOP-50) selected by the transparent procedure of the Nomination Committee and concluded contracts

Number of Supervisory boards which consist of independent directors among TOP-100 SOEs

Number of approved plans to conduct audits of financial accounts of the most important SOEs (TOP-100)

Number of plans on privatization of SOEs by SPFU approved in accordance of the adopted list for 2015

PERCEPTION

Business society trusts SOEs due to SOE Reform

Public society evaluates SOE reform

SCORECARD



AGRICULTURAL SECTOR REFORM

PURPOSE	STRATEGIC GOALS	OPERATIONAL GOALS
Increased agricultural competitiveness and promotion of rural development in line with EU and international standards	FAIR PRICING for agricultural products for producers and buyers is ensured	Functioning infrastructure and framework for fair pricing including commodities and agro products exchange created
		Existing mechanisms abolished or new mechanisms /efficient state regulation introduced over pricing for agricultural products
	PRODUCTIVITY via efficient use of resources and implementation of good practices increased	Favorable regulatory environment for agro producers created
		Internationally recognized mechanisms and instruments, like crop receipt and agro insurance implemented
		Access to finance and knowledge via IMF, World Bank, EBRD, EIB and other support mechanisms improved
		Land market liberalized
	Level of EXPORT increased	Promotion of domestic manufacturers and agro products on foreign markets enhanced
		Ukrainian agricultural legislation and food safety requirements harmonized with EU standards
		Overarching logistics chain for transportation and storage created
	VALUE ADDED in agricultural products is increased	Level of processing of products increased
		Sectors where more value is added in agricultural products developed
		Modernization and innovations in agriculture implemented

Reform passport – a brief review of the reform, of its targets and expected results, based on the key strategic documents:

Sustainable development Strategy “Ukraine 2020”; the Coalition agreement; the Program of the Ukrainian Government; the Association Agreement between the EU and Ukraine (including DCFTA); Ukraine – IMF Memorandum.



AGRICULTURAL SECTOR REFORM

Progress to date:

- The **procedure of the appointment of chief executives of state-owned enterprises** solely on an open competitive basis has been introduced.
- A pilot project of raising working capital loans for farmers via **agrarian notes** has been successfully implemented in Poltava Oblast.
- The **preferential VAT regime** has been preserved for agricultural companies.
- Resolution of the Cabinet # 42 of January 28, 2015, was adopted.
 - A list of objects of regulation requiring the obtainment of a quarantine certificate has been shortened.

The licensing regime for the importation of crop protection agents was canceled in 2015. Resolution of the Cabinet of Ministers of Ukraine # 1 of January 14, 2015, was adopted.

- The time for the issue of a quarantine or phytosanitary certificate has been reduced from 5 days to 24 hours.
- The procedure of the registration of crop protection agents (CPAs) has been improved.
- Law of Ukraine # 191 of February 12, 2015:
 - The list of essential conditions of a lease contract has been shortened.
 - Any disposal of the leased land without the consent of the lessee is disallowed.
 - The minimum agricultural land lease period is 7 years.
 - The lease is payable in cash.
 - Voluntary development of design documents on crop rotation.
 - Excessive regulation of the production of organic products has been eliminated.
 - 14 permitting documents have been eliminated.

- Law of Ukraine # 222 of March 2, 2015:
 - licenses for the trade in pesticides have been canceled;
 - licenses for the fumigation have been canceled;
 - licenses for the trade in pedigree resources have been canceled;
 - licenses for the commercial fishing have been canceled;
 - licenses for the land appraisal work and land tenders have been canceled;
- Law of Ukraine # 247 of March 5, 2015:
 - notaries have been vested with the power to register the lease interest in the agricultural land;
 - it has been made possible to submit documents in the electronic form;
 - it has been made possible to simultaneously submit documents confirming the ownership of, and the lease interest in, the land;
- Law of Ukraine # 87 of January 13, 2015:
 - state support to medium and micro agricultural producers by means of lifting limits on the capacity of animal farms and facilities that can claim the partial refund of the construction or rehabilitation costs from the state;
- Law of Ukraine # 287 of April 7, 2015:
 - the legislation of Ukraine in the field of the management of byproducts of animal origin has been harmonized with the EU legislation.
- Law of Ukraine # 388 of May 12, 2015:
 - the privatization of the land under facilities of the engineering infrastructure of amelioration systems has been prohibited.
 - The system of seed production in Ukraine was tested against the EU requirements.

Including also the 3rd Quarter:

- The **Agrarian Notes** project has been expanded to Cherkasy, Vinnytsia, and Kharkiv Oblasts.
- The draft Resolution "On Amendment of the Veterinary Documents Issue Procedure" developed by the Ministry of Agrarian Policy and Food of Ukraine has been approved. The resolution canceled the obligatory obtainment of the Form 2 Veterinary Certificate.
- Transparent and open competitions have been held for the appointment of directors of state-owned enterprises subordinated to the Ministry.
- An information center tasked with the provision of individuals with the comprehensive information about activities of the ministry and its structural units started working at the Ministry of Agrarian Policy and Food of Ukraine. It also provides advice on the registration of agricultural companies, the procedure of the exercise of business, the entry into foreign markets, the green tourism, etc.
- Government decided to reform the system of fisheries.
- Government approved a new procedure for issuing certificates for lumber, which will be issued to permanent forests users.
- 8 enterprises are transmitted to the State Property Fund for privatization.
- Access to overseas markets for Ukrainian food products is ensured: China - dairy products industry, Israel - eggs, Egypt - poultry.
- Government decided to approve a state support for the livestock industry.
- An opportunity for ships unloading at checkpoints in ports with further products inspection at bonded warehouses

What has not yet been achieved:

- No success has been achieved with implementing the resolution of the government providing for the privatization of 86 agrarian state-owned enterprises with further 15 companies added to the list. None of them could be handed over into the scope of management of the State Property Fund. About 50 companies out of this number are still awaiting decisions of the Verkhovna Rada or the Cabinet of Ministers for formal reasons.
- The Verkhovna Rada did not support draft law # 1159 providing for the conveyance of the state-owned agricultural land into the municipal ownership.

The development of the Universal Comprehensive Strategy of the Development of Rural Areas of Ukraine till Year 2020 has been completed with the support from the European Commission and the participation of more than 170 international and Ukrainian experts.

Ongoing high-priority actions to accelerate the reform:

- Raise financing to help implement the reform program, and pay for the work of reform teams.

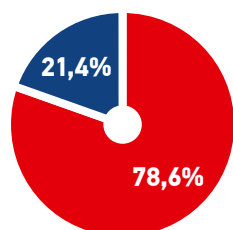


AGRICULTURAL SECTOR REFORM

80%

Progress in Tasks completion for 2015

REFORM PERCEPTION



THE CITIZENS THINK THAT:

■ NO CHANGES
■ CHANGES EXIST

TNS Survey conducted by the TNS agency on a monthly basis.

Age of respondents: 18-55
Question asked: How would you evaluate the reforms progress?

Blue segment: people, who answered that the changes really exist

Red color represents those who doesn't see any changes

TASKS

Development of a single and comprehensive agricultural strategy until 2020	100%	Reform in the field of food safety and quality. (Strategy)	100%	Determining the legal status and regulate the procedure of disposal of the collective land property and of the land whose owners have died.	30%
Deregulation of business activities in agricultural sector.	100%	Legislative regulation of transfer to communal ownership the land of state property outside the settlements, except for the land that has objects of state property on it.	30%	The transition from crop rotation control to the soil quality control.	100%
Privatization of state enterprises.	100%	Exclusion from the law of Ukraine norms that allow to acquire the right of agro-land lease on non-competitive basis; Promoting unity and self-organization of land owners (shares) to land consolidation.	0%	Development, approval and adoption of the concept of state support to farmers, small and medium agricultural producers.	70%
Promotion of domestic agricultural and food products to foreign markets.	100%	Implementation of cooperation programs with the IMF, World Bank, EBRD, EIB and other international financial institutions. (Program)	100%	Development, approval and adoption of a new tax system.	70%
Ensuring legislative regulation and practical implementation of financial instruments in agricultural market (agricultural receipts, futures and forward contracts, including those signed on the global commodity and stock markets).	100%	Simplification of procedures for registration of land lease, particularly by encouraging parties to notarize the land lease agreements;	100%	Development, approval and adoption of the Strategy to reform rural areas.	70%
		Strengthening the responsibility of the land lease parties, in case of failure to comply with agreement.	100%	Development, approval and adoption of the Strategy to reform fish industry.	70%
		Legislative securing of a minimum term to lease agricultural land.	100%	Development, approval and adoption of the Strategy to reform forestry.	70%
		Setting mandatory payment of the agricultural land rent exclusively in monetary form.	100%	Development of the Concept to reform agricultural science.	70%



OUTCOMES



Increase in foreign direct investment into the industry

Increased agricultural exports (in monetary terms)

Increase of employment in rural areas

PERCEPTION



Society determines the attractiveness of doing business and living in the countryside

Society determines a significant increase in the quality and safety of Ukrainian food production

An independent poll shows approval of reforms by market actors



JUDICIAL REFORM

Progress to date:

- The Council for Judicial Reform drafted and approved the **Strategy of Reform of the Judicial System**, court proceedings and associated legal institutions for 2015-2020 (the “Strategy”), and a detailed **Action Plan** as regards implementation of its provisions.
- **The Decree of the President of Ukraine** dated 20 May 2015 **approved the Strategy** and requested that the **Cabinet of Ministers specify the procedure for realization of the Action Plan** as regards implementation of its provisions and inform peer organizations on the progress of the plan’s realization.
- The Verkhovna Rada passed the Law of Ukraine “**On Guarantee of the Right to a Fair Trial**”, stipulating:
 - the policies and procedures for effective judicial staffing, including **evaluation of all judges** to verify their **competence, honesty and compliance with professional ethics**;
 - to implement recording of **judges’ professional decisions**;
 - **new transparent rules of establishment** of the Supreme Council of Justice (SCJ) and the Supreme Judges Qualification Commission of Ukraine (SJQC);
 - measures **improving procedures for selection of new judges**, raising requirements for candidates;
 - **to apply competitive procedures** during appointments and transfers of judges;
 - **to implement effective procedures of disciplinary proceedings** as regards judges;
 - to restore the role of the **Supreme Court of Ukraine in the capacity of the supreme judicial body** in the system of courts.
- New members of the **SCJ** and **SJQC** **selected and appointed** following a competitive procedure and based on the new procedures complying with the principles of **rule of law, openness, and political neutrality**.

- The Council for Judicial Reform has developed draft amendments to the **Code of Civil Proceedings, the Code of Commercial Proceedings, and the Code of Administrative Court Proceedings** that are currently subject to public and expert discussion.
- The Council of Judges of Ukraine has drafted

The Council for Judicial Reform has developed, and Verkhovna Rada of Ukraine has approved in the first reading, the draft laws on the reform of the system of enforcement of court decisions.

and approved the Regulation on the Procedure for Maintenance of the Judge Dossiers (professional records).

- **The Dossiers are being** prepared by the State Judicial Administration.
- The SJQC has approved the Regulation on the **policy and procedure for qualification evaluation of judges**, the Regulation on the **procedure for passing examinations and the system of scoring** to be applied during qualification evaluation of judges.
- **The Council of Judges of Ukraine is in the process of evaluation of** the Regulation on the policy and procedure for qualification evaluation of judges and the Regulation on the procedure for passing examination and the system of scoring to be applied during qualification evaluation of judges, previously approved by SJQC.
- **The draft law on amendments to several laws of Ukraine as regards improvement of certain provisions of legislation on court proceedings** has been drafted and submitted to the Verkhovna Rada (including on qualification evaluation of judges)
- The Council for Judicial Reform is finalizing the draft law of Ukraine “**On Advocacy**”

What has not yet been achieved:

- **It is necessary to improve the mechanism of implementation of the Action Plan** on realization of provisions of the Strategy of reform of the system of justice, court proceedings, and adjacent legal institutions for 2015-2020

- **The SJQC has not started qualification evaluation of the judges** of the Supreme Court and other specialized supreme courts due to failure to agree or late

agreement by the Council of Judges of Ukraine of the Regulation on the policy and procedure for qualification evaluation of judges

Ongoing high-priority actions to accelerate the reform:

- The President of Ukraine should submit to Verkhovna Rada the draft Law on amendments to the Constitution of Ukraine as regards the system of justice
- The Verkhovna Rada should submit the draft amendments to the Constitution as regards the system of law to the **Constitutional Court of Ukraine**
- The Verkhovna Rada should pass a law that would enable to accelerate the process of agreement of the “Regulation on the policy and procedure for qualification evaluation of judges” and conduct qualification evaluation of judges under public control
- The Supreme Commission of Qualification of Judges – after approval of amendments to the Law of Ukraine “On Court Proceedings and Status of Judges” – should **commence qualification evaluation of judges** of the Supreme Court of Ukraine and specialized supreme courts.

- **The Cabinet of Ministers should take measures to ensure proper implementation of the Action Plan** on realization of provisions of the Strategy of reform of system of justice, court proceedings, and adjacent legal institutions for 2015-2020, **by its subordinated bodies**.
- The Council for Judicial Reform should prepare a draft policy document on **structural optimization** of the court system.
- The Council for Judicial Reform should organize public and expert discussion of the draft laws on amendments to the **Code of Civil Proceedings, the Code of Commercial Proceedings, and the Code of Administrative Court Proceedings**.
- The Council for Judicial Reform should finalize the process of preparation of the draft law of Ukraine “**On Advocacy**”.

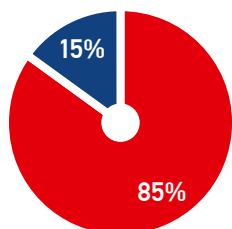


JUDICIAL REFORM

64%

Progress in Tasks completion for 2015

REFORM PERCEPTION



THE CITIZENS THINK THAT:

■ NO CHANGES
■ CHANGES EXIST

Survey conducted by the TNS agency on a monthly basis.

TNS

Age of respondents: 18-55
Question asked: How would you evaluate the reforms progress?

Blue segment: people, who answered that the changes really exist

Red color represents those who doesn't see any changes

TASKS

Development of the Strategy for reforming the judiciary structure, the judiciary proceedings and related legal institutions and the Action Plan for its implementation for years 2015-2020

100%

Development and adoption of the Law of Ukraine «On ensuring the right to a fair trial»

100%

New principles of formation and activity of bodies responsible for appointing the judiciary (High Judicial Council and the High Qualification Commission of Judges)

100%

Introduced new procedures for the selection and qualification examinations, special training for judicial candidates

50%

The introduction of qualification procedures and regular evaluation of judges (including self-evaluation)

60%

Attracting new staff to the judiciary

45%

Updated procedural law

50%

The introduction of e-justice

30%

Reform of the enforcement of judgments

70%

Amendments to legislation regulating the Bar

40%

Bringing the powers and activities of the Prosecutor in line with the European standards

60%



OUTCOMES



Providing free legal aid in at least 10% of civil cases

Providing free legal aid in at least 20% of administrative cases

Improvement of Ukraine ranking in the World Economic Forum (WEF) Global Competitiveness Report rating

Improvement of Ukraine ranking in Governance Indicators rating (Rule of Law Index (World Bank Institute))

Покращення оцінки України в рейтингу World Justice Project (Rule of Law Index)

Improvement of Ukraine ranking in the World Justice Project rating (Rule of Law Index)

Improvement of Ukraine ranking in the WB Doing Business Index rating

PERCEPTION



Results of surveys to determine the level of user satisfaction (conducted by industry actors or external observers) indicates increase of public confidence in the administration of justice in general and in the effectiveness of legal aid, advocacy, judicial decisions' enforcers, notaries and alternative dispute resolution systems in particular

Results of surveys to determine the level of user satisfaction (conducted within the performance management system of the Prosecutor's office or external observers) indicates increase public confidence in the Prosecutor's Office in particular and / or criminal justice in general

The Ukrainian population's level of trust in the judicial system (TNS)

12%

SCORECARD



CONSTITUTIONAL REFORM

Progress to date:

- **Constitutional Commission**, created in compliance with the Decree of the President of Ukraine, drafted amendments to the Constitution of Ukraine addressing decentralization, justice, and protection of human rights
 - Draft amendments to the Constitution of Ukraine on **decentralization**:
 - were approved by the Constitutional Commission
 - received positive conclusion **of the Venice Commission**
- received conclusion of the Constitutional Court of Ukraine on its compliance with requirements of Articles 157 and 158 of the Constitution of Ukraine were **voted by** Verkhovna Rada of Ukraine **in the first reading**

The Venice Commission issued positive Preliminary and Final Conclusions on the draft amendments to the Constitution of Ukraine as regards reform of the system of justice with the comment “the last version of the amendments to the Constitution appears to be quite positive and well prepared, and deserves full support ”

- Draft amendments to the Constitution of Ukraine as regards reform of the **system of justice**:
 - received **positive preliminary conclusion of the Venice Commission**
 - were elaborated considering the recommendations of the Venice Commission and results of public and expert discussion
 - received **positive final conclusion of the Venice Commission**
 - **were approved** by the Constitutional Commission
- Draft amendments to the Constitution of Ukraine as regards decentralization of public power and reform of the system of justice are in full **compliance with the applicable European Union standards**
- Draft amendments to the Constitution of Ukraine as regards human rights:
 - were drafted by the Task Force on human rights issues
 - are subject to public and expert discussion

Including also the 3rd Quarter:

- Draft amendments to the Constitution of Ukraine as regards decentralization of power and draft amendments to the Constitution of Ukraine as regards reform of the system of justice, including on the regional level, have been widely discussed by the **public and experts**
- Draft amendments to the Constitution of Ukraine as regards reform of the system of justice **were approved by the Constitutional Commission**

Verkhovna Rada of Ukraine voted for the draft amendments to the Constitution of Ukraine as regards decentralization of public power in the first reading

What has not yet been achieved:

The plan has been scrupulously followed.

Ongoing high-priority actions to accelerate the reform:

- The President should submit to the Verkhovna Rada draft amendments to the Constitution of Ukraine as regards reform of the system of justice
- The Verkhovna Rada should submit to the Constitutional Court draft amendments to the Constitution of Ukraine as regards reform of the system of justice
- The Constitutional Court should issue its conclusion on compliance of the draft amendments to the Constitution of Ukraine with requirements of Articles 157 and 158 of the Constitution of Ukraine
- The Verkhovna Rada should approve in the first reading the draft amendments to the Constitution of Ukraine as regards reform of the system of justice (no later than December 2015) and pass the Law on Amendments to the Constitution of Ukraine on the reform of the system of justice (no later than by March 2016)
- The Verkhovna Rada should pass the Law on Amendments to the Constitution of Ukraine on decentralization (no later than by January 2016)

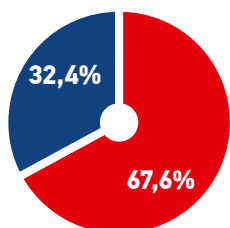


CONSTITUTIONAL REFORM

56%

Progress in Tasks completion for 2015

REFORM PERCEPTION



THE CITIZENS THINK THAT:

■ NO CHANGES
■ CHANGES EXIST

TNS Survey conducted by the TNS agency on a monthly basis.

Age of respondents: 18-55
Question asked: How would you evaluate the reforms progress?

Blue segment: people, who answered that the changes really exist

Red color represents those who doesn't see any changes

TASKS

(As to decentralization) Inclusive and transparent dialog of all stakeholders (civil society, authorities) on the amendments to the Constitution is organized.

100%

(As to decentralization) Conclusion on amendments to the Constitution from the Venice Commission has been received.

100%

Amendments to the Constitution are adopted.

75%

(As to justice) Inclusive and transparent dialog of all stakeholders (civil society, authorities) on the amendments to the Constitution is organized.

90%

Developing and finalizing the draft at the level of the Constitutional Commission. Conclusion of the Venice Commission on amendments to Constitution is received.

70%

Preliminary approval of amendments to the Constitution on Justice.

0%

(As to human rights) Inclusive and transparent dialog of all stakeholders (civil society, authorities) on the amendments to the Constitution is conducted

70%

(As to human rights) Conclusion of the Venice Commission on the amendments to Constitution is received.

0%

Obtaining a positive conclusion from the Constitutional Court of Ukraine

0%

OUTCOMES

Redistribution of GDP through a central budget

Democracy Index according to The Economist Intelligence Unit

PERCEPTION

The level of trust to the Parliament (TNS)

9%

The level of trust to CMU (TNS)

14%

The level of trust to the President

The level of trust to the CCU/SCU

The level of trust to local authorities (TNS)

22%

The level of trust to political parties

SCORECARD



Progress to date:

- Ukraine **abandoned no-bloc policy** and reverted to its Euro-Atlantic integration course.
- New **National Security Strategy of Ukraine and Military Doctrine** were approved. The development of the new wording of the Law of Ukraine “On Fundamental Principles of the National Security of Ukraine” was started. This work is 70 percent complete.
- The Security and Defense Sector Reform Concept was developed; the development of the Law “**On Planning in Ukraine Defense and Security Sector**” was started. The Main Situational Center of Ukraine was established; the development of a network of situational centers of the security and defense sector agencies of Ukraine was started. This work is 25 percent complete.

The new Military Doctrine was developed.

- The **new Military Doctrine** was developed. The development of the new legislation and relevant program documents was started. This work is 20 percent complete.
- The **United Intelligence Committee under the President of Ukraine** was established; the development of the new National Intelligence Program was started together with the development of the relevant programming documents.
- The development of appropriate programming documents on **paramilitary formations** was started.
- The mobilization preparations and mobilization system are being reviewed on the basis of the experience of the partial mobilization in 2014 to 2015.
- The Special Operations Forces of the Armed Forces of Ukraine are being set up within the scope of the migration toward a new functional structure of the Armed Forces of Ukraine. This work is 20 percent complete.
- The Decree of the President of Ukraine on the new military administrative division of the territory of Ukraine was drafted. This work is 85 percent complete (pending approval).
- The development of the Maritime Doctrine was started.
- The establishment of situational centers was started but not completed.

What has not yet been achieved:

- The institutional reform of the Ministry of Defense of Ukraine and the General Headquarters of the Armed Forces of Ukraine was not started.
- The principles of the territorial defense of Ukraine calling for the active involvement of patriotic military forces are being reviewed too slowly.

Ongoing high-priority actions to accelerate the reform:

- Speed up the reform of the Armed Forces and improve their credibility.

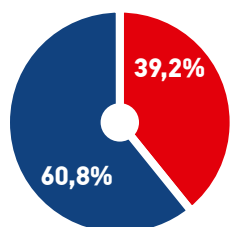


NATIONAL SECURITY AND DEFENCE REFORM

55%

Progress in Tasks completion for 2015

REFORM PERCEPTION



THE CITIZENS THINK THAT:

■ NO CHANGES
■ CHANGES EXIST

Survey conducted by the TNS agency on a monthly basis.

TNS

Age of respondents: 18-55
Question asked: How would you evaluate the reforms progress?

Blue segment: people, who answered that the changes really exist

Red color represents those who doesn't see any changes

TASKS

Development and adoption of the revised National Security Strategy of Ukraine	100%	Development and adoption of draft law «On civil democratic control of defence and security sector of Ukraine»	50%	Development and adoption of draft amendments to the Law of Ukraine «On counter-intelligence activities»	25%	Development and adoption of draft amendments to the Law of Ukraine «On State protection»	0%	The development of a separate procedure for application of the Law of Ukraine «On Government cleansing» for employees of intelligence agencies of Ukraine	50%
Development and adoption of the revised Military Doctrine of Ukraine (Ukraine Military Security Strategy)	100%	Development and adoption of the Information Security Concept	50%	Development and adoption of draft amendments to the Law of Ukraine «On operational investigative activity»	0%	Development and adoption of draft amendments to the Law of Ukraine «On state secret»	25%	Amendments to the Law of Ukraine «On Government cleansing» to establish a separate mechanism of action for power cleansing in counterintelligence agencies in Ukraine	0%
Development and adoption of Security and Defence Sector Concept of Ukraine	50%	Development and adoption of the Cyber Security Concept	50%	Development and adoption of draft amendments to the Law «On Security Service of Ukraine»	0%	Development and adoption of draft amendments to the Law of Ukraine «On diplomatic service»	0%	The adoption of the Cabinet of Ministers of Ukraine Resolution «On Approval of the Action Plan for the National Confidential mobile network of Ukraine»	100%
Development of public and state target programs of components of the security and defence of Ukraine	50%	Amendments to the Law of Ukraine «On Defence of Ukraine» and «On mobilization readiness and mobilization»	50%	Development and adoption of draft amendments to the Law of Ukraine «On the Foreign Intelligence Service of Ukraine»	100%	Development and adoption of the draft law «On safety of critical information»	50%	The adoption of the Decree of the President of Ukraine «On Approval of the Annual National Program of Ukraine's cooperation with NATO for 2015»	100%
Development and adoption of the draft law «On planning in defence and security sector of Ukraine»	25%	Development and adoption of the «National Intelligence Program» till 2020	50%	Development and adoption of draft amendments to the Law of Ukraine «On the State Border Service of Ukraine»	100%	Development and adoption of the Military-Medical Doctrine	50%	Adoption authority and composition of Interagency committee under the Cabinet of the Ministers of Ukraine on Defence Industrial Complex	100%
Development and adoption of the bill on amendments to the Law of Ukraine «On Ukraine's National Security Principals»	10%	Development and adoption of draft amendments to the Law of Ukraine «On intelligence activities»	25%	Development and adoption of draft amendments to the Law of Ukraine «On the National Guard of Ukraine»	100%	Development and adoption of the Maritime Doctrine	50%	The adoption of the Decree of the President of Ukraine «On the decision of the National Security and Defence of Ukraine «On Ukraine's Strategic Defence Bulletin (revised)»	50%

SCORECARD



NATIONAL SECURITY AND DEFENCE REFORM

TASKS



OUTCOMES



PERCEPTION



Preparation of the legal framework and practical implementation of the NATO Trust Funds to promote Ukraine's defence	100%	NSDC administration reform in accordance with its responsibilities for strategic planning and forecasting to ensure national security	100%	Military commissariat number optimization. Military commissariats personnel upgrade by officers - combatants.	80%	Creation of an effective personnel reserve for acquisition of managerial positions in the Ministry of Defence and the Armed Forces of Ukraine, ensuring priority for AT0 participants	100%	Optimization of the financial activities system of the State Concern «Ukroboronprom» to ensure the return of most of the funds from the sale of contracts for the production or supply of arms by the manufacturer to ensure their efficient operation and development	0%	Setting the level of spending on defence and law enforcement up to 5% of GDP each year	100%	Increasing the prestige of the military profession in society	0%
The development and adoption of a legal act to withdraw the State Special Transportation Service from the jurisdiction of the Ministry of Infrastructure and to include it to the Armed Forces of Ukraine	100%	The network of situation of security and defence sector agencies established	90%	State Unified Register for mandatory military service establishment	80%	Organization of military specialists' preparation in training centres in amounts that meet the needs of military units in combat trained personnel and ensure the establishment of military-trained reserve resource. Creating recruiting centres for volunteers	100%			Setting defence spending at least 3% of GDP annually	100%	Public trust in the Armed Forces of Ukraine	46%
The adoption of the Law of Ukraine «On Amendments to Laws of Ukraine «On Defence «	50%	Optimization of organizational structure and functions of the Ministry of Defence and the General Staff of the Armed Forces of Ukraine in accordance with the provisions of the Defence Ministry and the General Staff of the Armed Forces, eliminating duplication	100%	Increasing the allowance by increasing military salaries and the salary for military rank	50%			The privatization of non-core assets of the Ministry of Defence and directing funds to the development fund	0%	Creating a system of financial planning for the Armed Forces with the horizon 3-5 years	100%	The society estimates the reform of national defence and security as successful	0%
The adoption of the new Law of Ukraine «On legal regime of martial law»	100%	Armed Forces of Ukraine intelligence service structural and technical support renewal	100%	Amendments to the Law of Ukraine «On Military Duty and Military Service» and Regulation «On territorial defence of Ukraine» to accumulate human capacity of the Armed Forces of Ukraine by trained military personnel, who have gained experience in the tasks of antiterrorist operation	100%	Adoption of the new military-administrative division of Ukraine and a new plan of deployment of the Armed Forces of Ukraine and the National Guard of Ukraine	50%	Development and adoption of draft law «On public-private partnership in the field of national security and defence»	0%	The number of professional military officers is 5,6 for 1000 of citizens	0%		
The development of concept of the reform of military education, including military training departments of civilian institutions. Organization of cooperation with NATO military educational institutions.	25%	Creation of Special Operations Forces, including: the Special Operations Forces Command, the definition of their objectives, organizational structure, system support and training	50%			On the basis of cantonments, formation of a system of autonomous military bases with the necessary infrastructure for location of military units and with the fund of service housing and social infrastructure for military personnel and their families.	50%	In order to form an effective system of territorial defence, liquidation of the Defence Promotion Society of Ukraine and the establishment on its material base of military-patriotic organization - Ukrainian military organization that would become the basis for the formation and training of forces for territorial defence. The adoption of the Law of Ukraine «On Ukrainian military organization»	0%	Discontinued military-technical cooperation with Russia	100%	Established military cooperation with NATO	
Development of the concept of import substitution in the military-industrial complex	25%	Ukraine's non block status abolishment and legal confirmation of NATO membership aspiration	100%	Amendments to the Law of Ukraine «On Personal Data Protection» to ensure the integration of public electronic information resources, databases and data banks	0%	Start a program for financing housing for military personnel	41%			The transition to NATO standards			

IN TIME RISK ZONE OUT OF TIMING

SCORECARD



UKRAINE PROMOTION PROGRAM

What has been done to support exporters:

- **June 2015** – protocol with Kazakhstan was signed in the framework of its WTO accession. This provides better access for Ukrainian goods to Kazakhstan. Kazakhstan lifted restrictions on a number of Ukrainian dairy producers (work is continuing concerning others).
- **July 2015** – completed negotiations on a Free Trade Agreement between Canada and Ukraine. Currently conducting preparation for signing and subsequent ratification of the agreement to open this major international market. Tangible perspective is substantial liberalization of access to Canadian market and increase of exports of Ukrainian products.
- **July 2015** – restored the US Generalized System of Preferences (GSP) for Ukraine. This is an opportunity for free entry to the United States of more than 3,500 Ukrainian products.
- **September 2015** – US authorities returned another three Ukrainian export products under the scope of the GSP.
- **October 2015** – national export strategy and

Verkhovna Rada of Ukraine ratified the WTO Agreement on trade facilitation.

action plan for its implementation from 2016-2020 being developed on the initiative of the Ministry of Economic Development and Trade of Ukraine. The aim is to highlight the situation, challenges, prospective markets and basic steps to create favorable conditions for Ukrainian exporters. The Export Promotion Council at the Ministry of Economic Development and Trade was established. Its first meeting was conducted on October 15. The Council includes representatives of both the MEDT and business (Ukrainian exporters, international companies, national industry

associations and unions).

- **November 2015** – Verkhovna Rada of Ukraine ratified the WTO Agreement on trade facilitation. It is an important step to improve business conditions in foreign economic activity, support exporters and improve Ukraine's place in world trade rankings.

What has been done in the area of trade protection:

- Represented Ukrainian interests during global trade investigations on the markets of different countries: USA, Mexico, Egypt, the EU, Pakistan, India, Turkey, the Eurasian Union.
- Opened access to EU markets on preferential conditions for certain Ukrainian products which had been subject to trade restrictions.
- Worked at the World Trade Organization on protection of national interests and to create a positive image of Ukraine as a reliable trade partner.

On October 21, 2015 Ukraine filed a first request to the WTO for conducting consultations with the Russian Federation on fair access of railroad equipment (wagons and rolling stock, switches and other components) originating

from Ukraine.

- Ukraine took part in reviewing processes of international trade disputes as a third party in 11 cases.
- Ukraine began to diversify its exports, rejecting dependence on a single trading partner (the Russian Federation).

What has been done in bilateral trade and economic cooperation:

- Prepared promotional videos for international

forums: "Open for U" – on investment and business potential of Ukraine; "Grow Ukraine" – on agricultural potential; Reform video – on the progress of reforms; Energy & Energy Efficiency – on reforms in the sector.

- "Open for U" brochures and leaflets were developed and translated into French, German, Chinese and Russian and transferred to Ukrainian embassies.
- A brochure on the Free Trade Agreement between Canada and Ukraine: "New horizons for Ukrainian business" was prepared.
- Export Promotion Project Office created under the Ministry of Economic Development and Trade of Ukraine.
- **On October 9** in Astana, during the visit of President Poroshenko to the Republic of Kazakhstan, a "Ukraine-Kazakhstan" business forum was held and attended by about 300 businesspeople, including more than 50 Ukrainian companies.
- **On October 16** a meeting of the Working Group on exports to Belarus within the framework of the Export Promotion Council at MEDT was conducted. The purpose was to work out a common position on negotiations with the Republic of Belarus. Following the meeting MEDT actively engaged on the issue of additional import duty, individual licensing regime and other important issues for Ukrainian exporters.
- **On October 22** a Ukrainian delegation participated in the Ukrainian-German business forum, the biggest ever bilateral event. During the forum, an Agreement was signed between the Government of Ukraine and the Government of the Federal Republic of Germany on the establishment of a German-Ukrainian chamber of commerce to facilitate the development of business relations, and find new ways to promote Ukrainian goods across Europe.
- **On October 26** the US Secretary of Com-

Export Promotion Council was established at the Ministry of Economic Development and Trade. The Council includes representatives of both the MEDT and Business (Ukrainian exporting companies, international companies, national industry associations and unions).

merce Penny Pritzker and representatives of the American business community came to Ukraine. During a roundtable with members of the government further areas of trade and investment cooperation were identified and the implementation status of economic reforms were discussed. All these issues are a continuation of the work that began in July 2015 at the US-Ukrainian business forum.

- **On October 27** the eighth joint meeting of the Ukrainian-Italian Council on economic, industrial and financial cooperation was held. Following the meeting a Memorandum of mutual understanding between the Ministry of Economic Development and Trade of Ukraine and the Ministry of Economic Development of the Republic of Italy concerning cooperation on SMEs was signed.
- **On October 30** a joint meeting of the High Level Working Group on bilateral trade with Belarus was held. During the meeting a range of issues holding back mutual trade, including additional import duty regime, and individual licensing regime was discussed and the next steps for solving these issues were outlined.

What has been done in communications sector:

- Unified calendar prepared. The calendar includes over 400 political, security, economic, business and cultural events where Ukraine's voice should be heard. Communication strategies and a visual plan for speakers were developed. Ukraine's most capable global opinion leaders are being involved, including

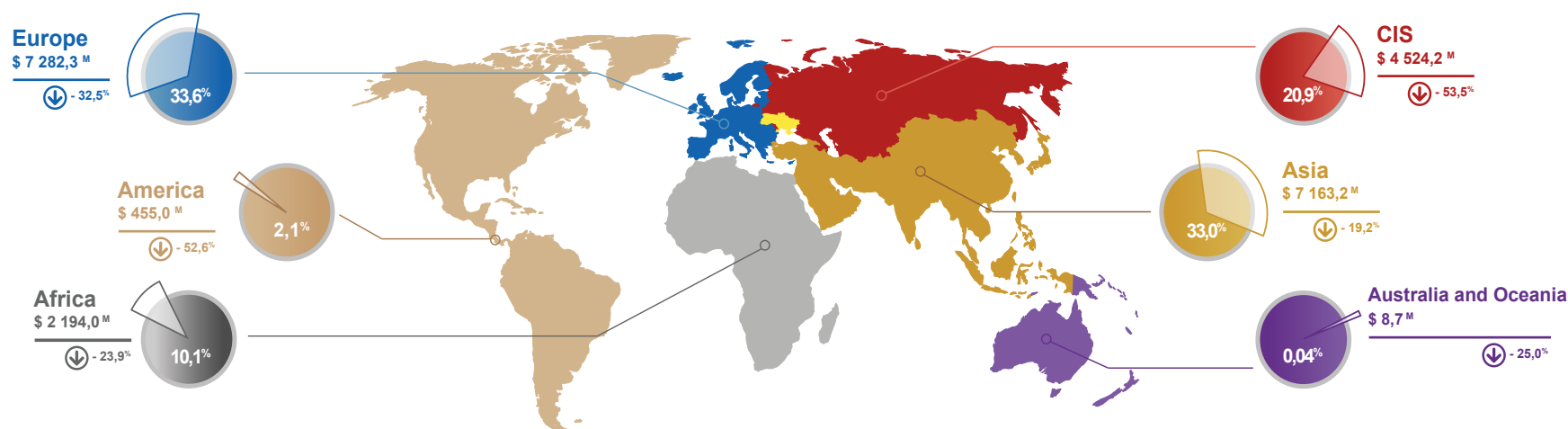


UKRAINE PROMOTION PROGRAM

- politicians, journalists, civic activists, and the diaspora.
- The embedded journalism program was introduced on May 12 to facilitate international media access to the ATO zone.
- International public opinion poll as to the perception of Ukraine's role in Europe was conducted in key countries.
- Long-term residence of international journalists in Ukraine (over 90 days) and simplifying the procedure of getting visas for international journalists were enabled.
- A photo exhibition "50 Inventions Bestowed by Ukraine to the World" went on display. Brochures were prepared and distributed during business forums with senior state officials.
- The UATV channel promoting Ukraine for the international audience was launched on October 1, 2015. The broadcast frequencies were received by UTR and BTB TV channels.
- UN Hundred Crimea Challenge brochures were prepared and disseminated within the scope of the UNGA.
- Country of Dignity brochures in English were developed (USA + France, and UNESCO).
- Materials in English on military subjects were prepared. 2 films were dubbed in English (Airport and Raid); exhibitions "Presence" (evidence of Russian aggression in Ukraine) and the "Power of Unsubdued" (Progress to date of the Ukrainian Army) were organized; the English version of the www.ukraineunderattack.org website was developed.
- Work on the dissemination of news and information digests from Ukraine in English, French,

German, Spanish, and Italian based on a database of more than 8000 contacts, including media and thought leaders in the world, continued.

- English-language weekly e-mail bulletins on the progress of reforms in Ukraine were created and disseminated by the Ukrainian Reform Media Support Center.
- Within the scope of the "Public Communication Reform" project, advisers on strategic communications were appointed, including international advisers, to key state agencies from the Presidential Administration to the military, economic, infrastructural, energy, and some social agencies of the government.
- Media trainings and public communication training courses have been held for a number of high-level officials representing Ukraine internationally.
- Centralized support is provided to high-level officials with international media contacts during their international visits (development of op-eds, presentations, theses of speeches and media meetings).
- Press tours for meetings with high-level officials from Austria and France to Ukraine were organized and supported.
- An exhibition "Famous Ukrainians" has been on display in Boryspil Airport to familiarize tourists with Ukraine's cultural heritage.
- An international campaign "MH17. Ukraine Remembers" was organized on social media on the anniversary of the MH17 tragedy.



Export dynamics of goods in the continental context (7 months of 2015)

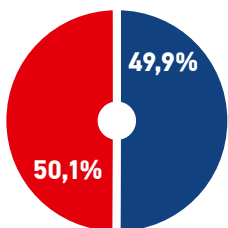


UKRAINE PROMOTION PROGRAM

65%

Progress in Tasks completion for 2015

REFORM PERCEPTION



THE CITIZENS THINK THAT:

■ NO CHANGES
■ CHANGES EXIST

Survey conducted by the TNS agency on a monthly basis.

TNS

Age of respondents: 18-55
Question asked: How would you evaluate the reforms progress?

Blue segment: people, who answered that the changes really exist

Red color represents those who doesn't see any changes

TASKS

Provisions and Implementation Plan of the Ukraine Promotion Program have been developed	75%	Long-term residence of international journalists in Ukraine is enabled (over 90 days) and simplifying of the procedure of getting visas for international journalists	100%	Departments of international communications in CEA have been created	20%
Draft State Target Ukraine Promotion Program has been developed and the country's brand for 2016-2018 has been created	60%	Program of embedment providing foreign journalists an accesses to ATO area has been implemented	100%	Series of conferences about Ukraine have been conducted abroad without implication of governmental funding	100%
Creation of the united self-regulative organization for support of foreign investors with the delegation of particular state functions (on the basis of InvestUkraine)	40%	Internship program for foreigners in Ukrainian state authorities has been introduced	20%	Example of support of the presentation of Ukrainian films with wide scale presentations on international platforms	60%
		High-quality Ukrainian English-speaking tele-product UA TV has been created	100%	Series of photo exhibitions about Ukraine have been conducted on international platforms	80%
Preconditions for the implementation of promotion projects have been prepared.	75%	Promotion of the creation of Pan European Russian Speaking Channel	5%	International sociological research in the crucial countries of focus on the perception of the European perspective for Ukraine had been held	100%
Educational trainings for the representatives of economic missions of Ukraine abroad have been conducted for improvement of professional skill accompanied by foreign investors and support of national exporters	50%	Kyiv International school for young leaders under the patronage of the President of Ukraine have been launched	60%	Increased Ukraine's presence in prominent international conferences with national stand that unites national manufacturers	80%
		Advisors on international communications in CEA have been appointed	50%	Ukraine's presence in prominent international conferences with the report had been increased	80%



OUTCOMES



Voting for resolutions on Ukraine in UNGA, UNSC, the European Parliament, PACE	50%
Number of foreign tourists in Ukraine had increased	0%
Net FDI inflows for the period 2015-2020, according to World Bank data would reach over 40 billion US dollars	0%
Doubled exports of domestic products by 2019	0%

PERCEPTION

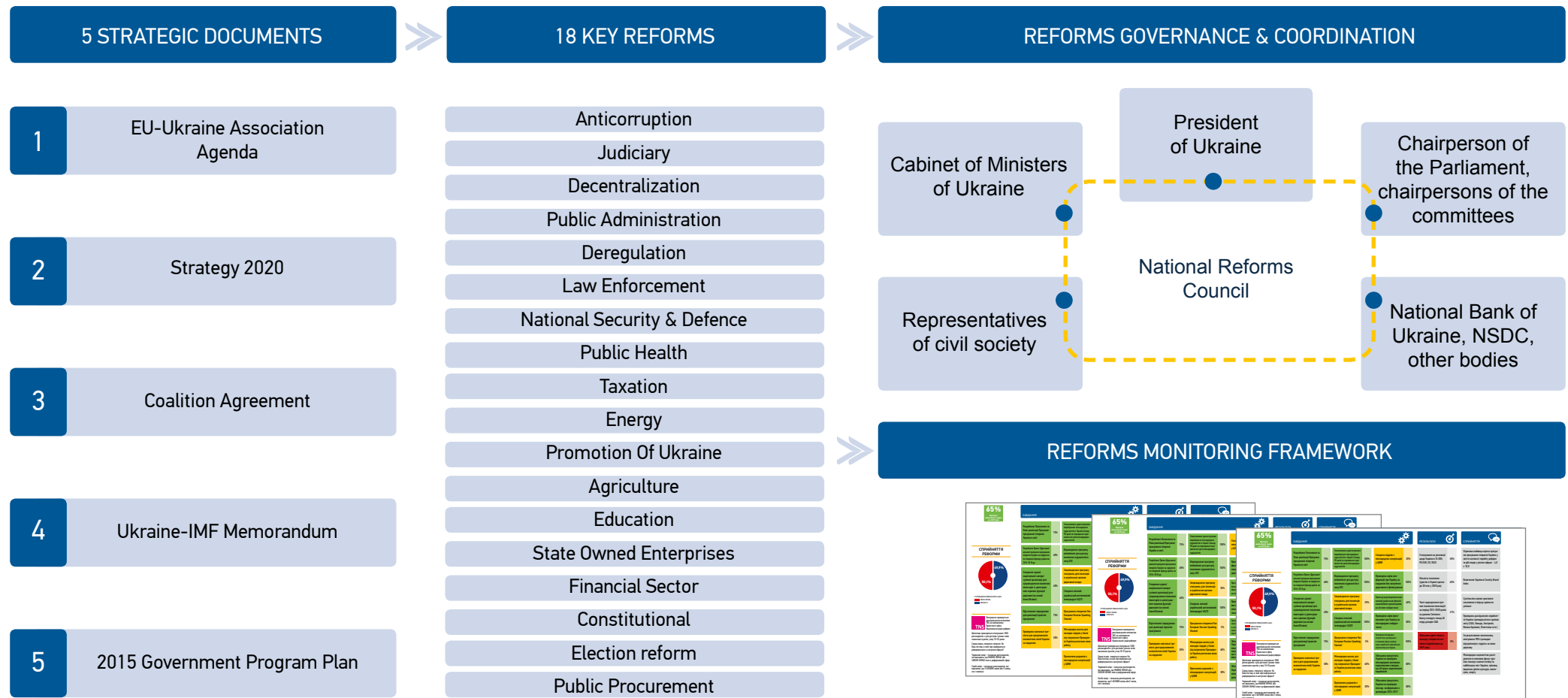


Program has received the highest assessment on the flow of reforms and governmental actions in different areas - 4.0 of 10.0
Country Brand Index
Society assesses the increase of positive image of the country as successful
Research about international public perception of Ukraine had been conducted (USA, Canada, Australia, Great Britain, Germany and other)
According to the results of a nationwide survey, 90% Ukraine citizens would feel pride for their state
International sociological survey in crucial countries of focus demonstrates the knowledge of the capital and major cities of Ukraine, the names of prominent figures of culture, arts, sports

SCORECARD

APPENDIX

UKRAINE HAS A BROAD REFORM AGENDA AND THE NECESSARY TOOLS TO EFFECTIVELY DRIVE CHANGE



The purpose of **Reforms Monitoring Framework** is to identify barriers to progress. This is done through the 18 scorecards specifically developed for each of the priority reforms. Five strategic documents form the content backbone for the scorecards. These documents are the EU-Ukraine Association Agenda, Strategic Vision 2020, Coalition Agreement, Ukraine-

IMF Memorandum and 2015 Government Plan. Commitments undertaken by the President/Parliament/Government under these documents are both comprehensive and legally binding. These commitments were used by Reforms Task Forces to prepare the scorecards.

REFORMS MONITORING FRAMEWORK METHODOLOGY

A reform scorecard represents a set of 20-30 indicators, divided into 4 groups to ensure complex evaluation.

TASKS



This group measures the availability and quality of planning tools. Its purpose is to ensure that the work is performed according to the plan while the real results are not yet accessible. The indicators are determined on a quarterly basis in accordance with the schedule for the quarter and measured on a monthly basis. Those indicators ensures that work plans have not only been fulfilled formally, but were embodied in specific management decisions. Process indicators are determined once at the beginning of the year and are measured on a quarterly basis. Example: Deregulation reform. The number of canceled regulations; the number of liquidated regulatory bodies among those subject to liquidation, etc.

OUTCOMES



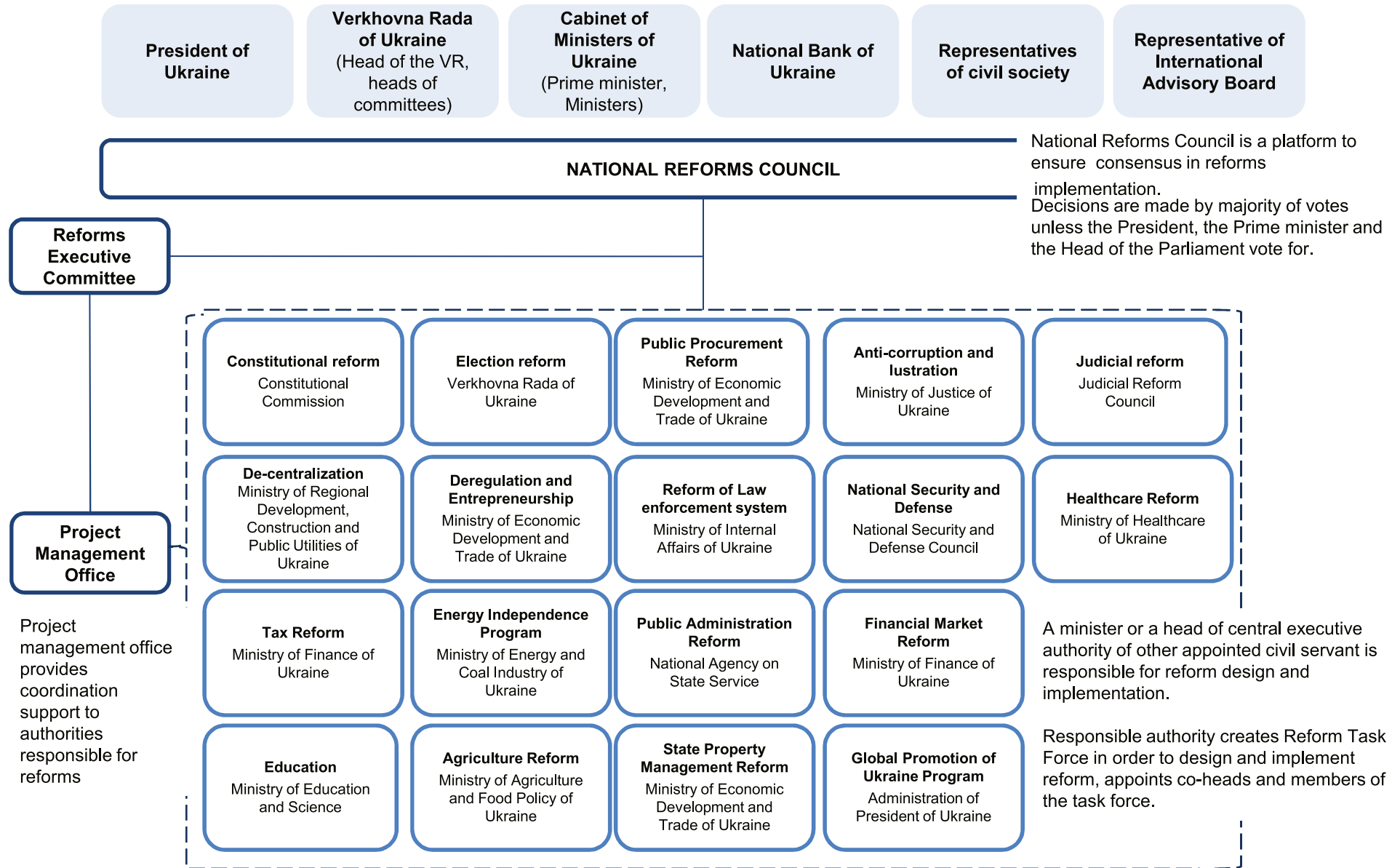
This group consist of impact indicators, allow monitors to understand how Ukraine has changed as the result of particular reforms. Object indicators are determined once at the beginning of the reform and are measured annually. Example: Changes in the position of Ukraine in global rankings such as Ease of Doing Business, the Global Competitiveness Index, etc.

PERCEPTION



The purpose of these indicators is to understand how society perceives the success of the reforms. Perception indicators are determined once at the beginning of the reform's implementation and are measured on a quarterly basis (through sociological surveys) or monthly (through expert interviews). Example: Evaluation obtained in the course of sociological research on a representative sample of citizens (eg, public confidence in the militia, the courts, the army; national pride of the country, etc.).

NATIONAL REFORMS GOVERNANCE MODEL



DONORS / PARTNERS



NATIONAL REFORMS COUNCIL

Kyiv 2015
reforms.in.ua

У цій публікації висловлено виключно погляди авторів . Вони не обов'язково відображають офіційну позицію Координатора проектів ОБСЄ в Україні.

The views herein expressed are solely those of the author and contributors and do not necessarily reflect the official position of the OSCE Project Co-ordinator in Ukraine.