



**REANIMATION PACKAGE  
OF REFORMS**

# **ROADMAP OF REFORMS FOR UKRAINE**

**September 2016 – December 2017**

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R 66



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**CENTRE FOR DEMOCRACY  
AND RULE OF LAW**

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In this publication, experts of the Ukrainian coalition of non-governmental organizations «Reanimation Package of Reforms» analyze key issues and set goals for Ukraine on the way towards political and legal, economic, and social reforms, and describe reformist tasks for different branches of power until the end of 2017. For each sphere of public policy, which needs reforming, a list of civil society organizations researching the relevant issues and suggesting solutions is provided.

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# PREFACE

After the Revolution of Dignity, Ukraine has been living through the most difficult years of its contemporary history. Russian military aggression, economic decline, non-eradicated corruption — it is under such conditions that fundamental reforms in almost all the spheres of public policy are being implemented.

The Ukrainian civil society has demonstrated that it can quickly and effectively mobilize in times of crisis. The Reanimation Package of Reforms has brought together 65 leading Ukrainian civil society organizations, having become a platform that channeled the energy of protest into constructive cooperation for the sake of the reforms. Over the last few years, the Reanimation Package of Reforms has been both a partner and constructive critic of the authorities. Having pooled our efforts with active representatives of several branches of authority, media, diplomatic corps, and international donors, we are pushing forward the implementation of the necessary changes.

Among the achievements of the RPR is the approval of more than 80 regulations that have been developed, elaborated, or advocated by the experts of the CSOs — participants of the platform. We have successfully laid a foundation for the reboot of the judiciary, advocated new laws on decentralization of power and formation of capable territorial communities, and reformed the legislation on civil service providing for its de-politicization and efficiency. The RPR experts have managed to strengthen the requirements for transparency of media ownership, public and party finances, as well as to introduce public funding of political parties, create opportunities for a large-scale energy modernization of buildings with the help of energy service companies, harmonize the legislation of Ukraine and the EU in a number of areas in order to implement the Association Agreement, lay down a legal foundation for the reform of scientific and research-and-development activities, etc.

By the end of 2017, the reformers must meet the following major challenges — the proper implementation of the Constitutional amendments regarding judiciary, the establishment of a new Supreme Court and anticorruption courts to make the punishment for high-profile corruption inevitable, the engagement of the public in the assessment of judges and competition in the new courts through the Public Integrity Council. It is important to conduct a fair competition to fill the offices of state secretaries of the Cabinet of Ministers and ministries, to launch and ensure the independence of public broadcasting, to carry out the de-statization of press, to establish the State Bureau of Investigations, and to delegate the investigative functions of the prosecution to it. A new electoral law shall also be adopted. It is necessary to strengthen the transparency and accountability of the national energy regulator, minimize the tax burden on wages, and simplify tax administration. We intend to adapt the Ukrainian legislation to the EU law and promote the consistent implementation of the Association Agreement between Ukraine and the EU in order to implement key economic and sectoral reforms.

In the new Reforms Roadmap for 2016–2017, we present the goals and objectives of the reforms in various spheres of public policy to the authorities and all the stakeholders. We present the lists of civil society organizations which explore the issues in their specific spheres and are ready to provide their expertise, advocacy, and outreach support over the course of the implementation of the relevant reform.

We are looking forward to continuing effective cooperation to bring about real changes.

*Best regards,  
the team of the Reanimation Package of Reforms*



# ANTICORRUPTION REFORM

## PROPOSALS PREPARED BY THE RPR EXPERT GROUP

### LEAD EXPERT



**Yaroslav  
Yurchyshyn**

### CIVIL SOCIETY ORGANIZATIONS

- Transparency International Ukraine
- Anticorruption Action Center
- Center for Political Studies and Analysis «Eidos»
- Centre of Policy and Legal Reform
- Centre for Democracy and Rule of Law



### ISSUES TO BE RESOLVED BY THE REFORM

As reported by the Ilko Kucheriv Democratic Initiatives Foundation, the fight against corruption remained the main priority for reforms in the eyes of the society in 2015 and 2016.

Over two years, the parliament has adopted a number of laws establishing a new system of anti-corruption agencies. It includes bodies of pre-trial investigation and prosecution — the National Anticorruption Bureau of Ukraine (NABU) and the Specialized Anticorruption Prosecutor's Office (SAP). The amendments to the Constitution of Ukraine regarding judiciary and the new Law «On the Judiciary and the Status of Judges» adopted in June 2016 paved the way to the establishment of the Higher Anticorruption Court that will hear cases in the competence of the NABU. However, to establish the new court a separate law is required, it has yet to be developed and adopted. At the same time, there is a gap in the legislative framework for the NABU's functioning, namely it lacks the right to intercept telecommunications on its own (wiretapping, etc.) and has to rely on the Security Service for this, which seriously restricts the NABU's autonomy and efficiency. The Prosecutor General's Office has been reluctant to transfer proceedings to the SAP in cases initiated before the establishment of the SAP; there also have been instances of jurisdictional conflicts between the SAP and the PGO. This affects the SAP's work.

The State Bureau of Investigation (SBI), which according to the law shall investigate all cases against law-enforcement officers, judges, and high-level officials (except for corruption cases within the NABU's jurisdiction) had to be established by March 1, 2016, but it did not happen due to delay in the

selection of its leadership. Therefore, the relevant cases are still investigated by the Prosecutor's Office.

The new anticorruption legislation has also stipulated the development of a new corruption prevention system, including the establishment of the National Agency on Corruption Prevention (NACP). The latter is in charge of running the system for electronic submission and on-line publication of asset and income declarations of public servants, prevention of conflict of interests, supervision over the transparency of political parties financing, whistle-blower protection, etc.

The minimum composition of the NACP, which allowed its launch, was formed only in March 2016, with a one year delay. Still, one member of the Agency out of five has not been appointed yet. At the moment, the majority of the agency's secretariat staff has been recruited and the NACP started its full operation on August 15, 2016. The electronic system for asset disclosure had to be launched first on August 15, but it was postponed till September 1 due to attempts to derail the system through delays in the security certification of the system; it is still not clear if the system would run properly. Bylaws related to conflict of interest prevention and state financing of political parties need to be finalized.

Selection of the director of another new agency — the National Agency of Ukraine for Detection, Tracing and Management of Assets Derived from Corruption and Other Crimes — is underway. Afterwards, the new agency will have to be staffed and launched.

The reform aimed to increase openness and transparency of the Parliament that had been started through decisions of the parliament's Chairman, needs to be continued and implemented through amendments in the law. Besides, the notorious practice of non-personal voting remains wide spread among the MPs; additional legal and organizational steps needs to be taken to stop it.

The state supervision mechanism overseeing the right to access to public information also requires improvement.



## GOAL I

### BUILDING A COMPREHENSIVE SYSTEM FOR CRIMINAL PUNISHMENT OF CORRUPTION OFFENCES

1

Provide detectives of the National Anticorruption Bureau of Ukraine with the right to intercept information from the telecommunications (wiretapping).

Decision-making authority: Verkhovna Rada.

2

Establish the Higher Anticorruption Court and the respective chamber at the Supreme Court for the hearing of high-profile corruption cases.

Decision-making authority: Verkhovna Rada.

3

Establish the National Agency for Detection, Tracing and Management of Assets Derived from Corruption and Other Crimes and launch its operation.

Decision-making authority: Cabinet of Ministers.

4

Establish and launch the State Bureau of Investigations.

Decision-making authority: Cabinet of Ministers.

5

Avoid overlap of investigative jurisdiction over corruption crimes connected with the establishment of new anticorruption bodies and structural changes in the existing ones. In addition, prevent restriction of investigative jurisdiction and powers of the NABU.

Decision-making authority: Verkhovna Rada.



## GOAL II

### IMPLEMENTING AN EFFECTIVE SYSTEM FOR PREVENTION OF CORRUPTION IN THE PUBLIC SECTOR

1

Finalize selection of the National Agency on Corruption Prevention and its Secretariat. Set up an integral Public Control Council under the NACP.

Decision-making authority: NACP, Cabinet of Ministers.

2

Launch the electronic system of income and property disclosure and lifestyle monitoring of public officials.

Decision-making authority: NACP, Cabinet of Ministers.

3

Determine legislatively the procedure for testing of public officials' integrity with observance of human rights standards.

Decision-making authority: Verkhovna Rada.

4

Reinforce legislative protection of whistle-blowers of corruption and of threats or damages to the public interest.

Decision-making authority: Verkhovna Rada.

5

Start the work of the NACP on prevention of conflicts of interest and other violations of anticorruption restrictions.

Decision-making authority: NACP.



## GOAL III

### ENSURING AN EFFECTIVE STATE SUPERVISION OVER THE OBSERVANCE OF THE RIGHT TO ACCESS TO PUBLIC INFORMATION

1

Designate through amendments to the law a body responsible for independent state supervision over access to public information enforcement.

Decision-making authority: Verkhovna Rada.



## GOAL IV

### ENSURING AN EFFECTIVE FIGHT AGAINST POLITICAL CORRUPTION

1

Ensure through amendments to the laws access to information on the work of the Verkhovna Rada, its committees, Members of Parliament, and legislation.

Decision-making authority: Verkhovna Rada.

2

Include in the legislation liability for non-personal voting in the Parliament.

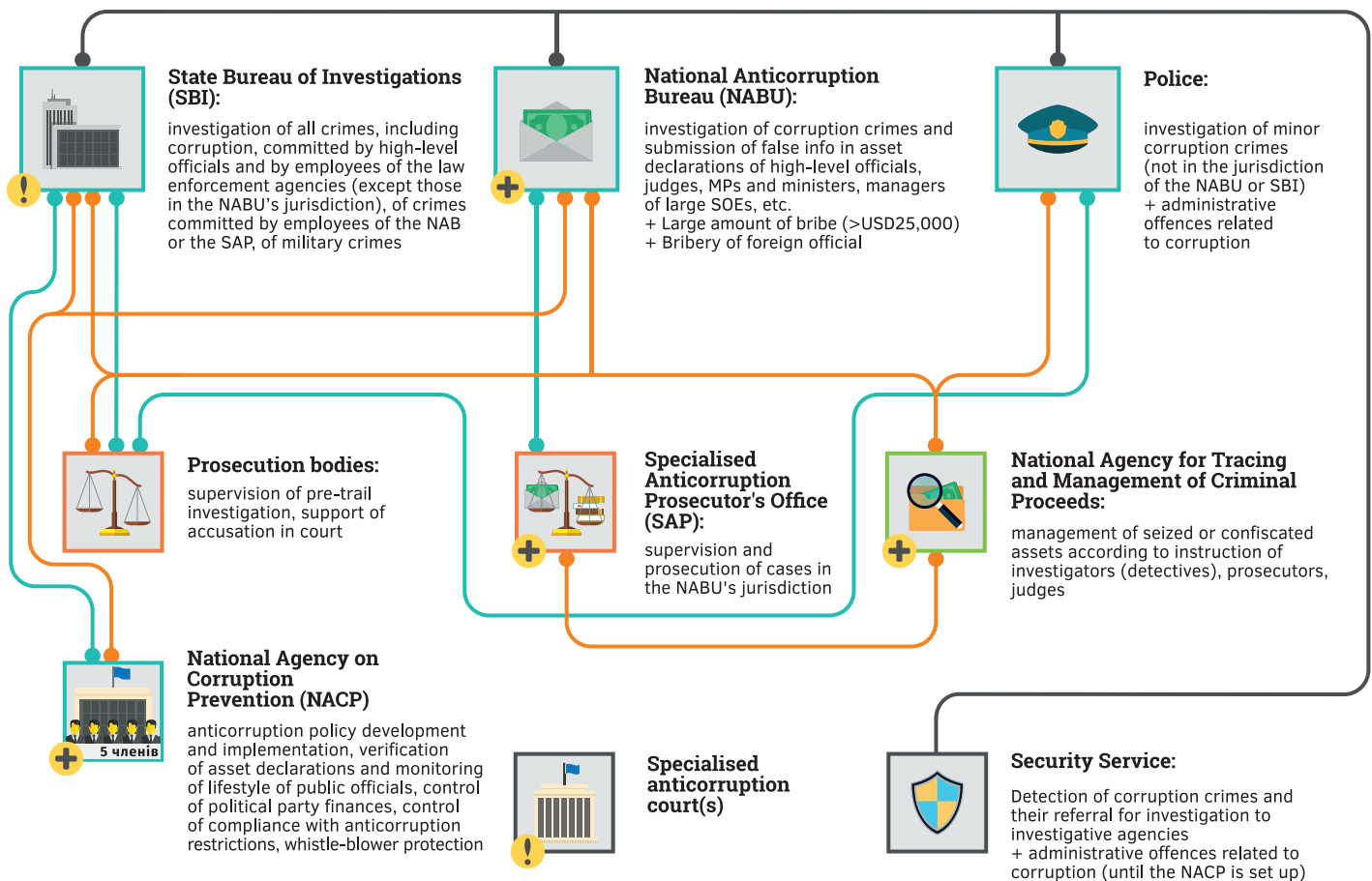
Decision-making authority: Verkhovna Rada.

3

Launch the state financing of political parties and publication of their financial reports, as well as ensure effective state control over party finances according to the law.

Decision-making authority: NACP.

# POWERS AND INTERACTION OF ANTICORRUPTION INSTITUTIONS



New institutions



To be established



Procedural control



Exchange of information



# JUDICIAL REFORM

PROPOSALS PREPARED BY THE RPR EXPERT GROUP

## LEAD EXPERTS



**Roman  
Kuybida**



**Mykhailo  
Zhernakov**

## CIVIL SOCIETY ORGANIZATIONS

● Centre of Policy and Legal Reform



## ISSUES TO BE RESOLVED BY THE REFORM

According to public opinion polls (GFK-Ukraine, Ilko Kucheriv Democratic Initiatives Foundation, Razumkov Centre), trust to judges reaches the critical 5–10%. It is lower than trust in the government, parliament, and any other public institution.

Such low level of trust is caused by several key problems.

Corruption that affected the judicial establishment and is convenient not only for judges but also for those whom this corruption allows to «solve» their problems in courts, especially the oligarchs. Unfortunately, covering each other's backs in the system of justice prevents effective fight against this phenomenon.

Political dependence of judges grounded both in legislative mechanisms and in the system of informal practices. Judges are very sensitive to political components of cases. Many of them are used to this system and see their role as serving the interests of the political power and not protecting the human rights and reinforcing of the rule of law. The public does not have any effective leverages to influence the outcomes of work of qualification and disciplinary bodies. Public representatives are barely involved in the judicial proceedings as the jury, while the very institute of the jury is basically the same as the Soviet institute of people's assessors which provided only for a token participation of the jury in the settlement of cases.

Inefficiency of work of the judges in terms of the correlation between human and financial resources and results of activity, which requires optimization of human and material resources, and simplification of the judicial system and procedures.

Legal education is commercially oriented, still based on Soviet approaches to understanding the law, focused on learning the legislation and reproducing the knowledge of it, which is reflected in the court rulings.

Harmful informal influences in the system of justice are so widespread that it scares off the investors and thus impedes the economic development of Ukraine. The business environment in many cases does not believe that the passed judgments are fair. Commercial disputes are settled in Ukraine by professional judges, while in many European countries it is done by the authoritative experts trusted by the business.

Any reforms will be fruitless if the society does not have justice system capable of enforcing law and order. The existence of a fair and effective system of justice is a necessary precondition to safety, protection and economic growth.



## GOAL I

### SUBSTANTIAL RENEWAL OF THE JUDICIAL CORPS AND IMPROVEMENT OF JUDGES' ACCOUNTABILITY

1

Strengthen demands to accountability of judges and responsibility for illicit enrichment; to ensure by a law a mechanism for involvement of the public into competitions to fill the vacancies to the positions of judges, and qualification assessment of judges.

Decision-making authority: Verkhovna Rada, High Qualifications Commission of Judges.

2

Establish a Public Integrity Council and reinforce the society's power to assess judges. Ensure inclusion of representatives of the public sector into the qualification and disciplinary judicial bodies. Establish public monitoring of the judges' lifestyle.

Decision-making authority: Verkhovna Rada, High Qualifications Commission of Judges, Human Rights Commissioner of the Verkhovna Rada of Ukraine, Head of the State Court Administration, civil society organizations.

3

Under public supervision, establish the new Supreme Court instead of the four courts performing now the cassation function. Reorganize courts of appeal forming the new courts on a competitive basis. Ensure appointment of qualified and integral persons to the Supreme Court, including persons without prior judicial experience.

Decision-making authority: High Qualifications Commission of Judges, High Council of Justice, President, Public Integrity Council.



## GOAL II

### ACHIEVEMENT OF REAL INDEPENDENCE OF JUDGES

1

Ensure inclusion into the High Council of Justice, High Qualifications Commission of Judges of Ukraine, bodies of judicial self-government who uncover the facts of interference into administration of justice. Monitor the activity of these bodies to prevent interference of political forces into a judge's career.

2

Prevent the decrease of financial support of newly-appointed judges or judges who have successfully passed qualifications assessment.

3

React properly to the facts of violation of demands to integrity and independence while looking into the activity of the High Council of Justice and High Qualifications Commission of Judges of Ukraine.

Decision-making authority: Verkhovna Rada, the Congress of Judges, civil society organizations.



## GOAL III

### INTRODUCTION OF NEW TECHNOLOGIES FOR ORGANIZATION OF WORK OF JUDGES AND ADMINISTRATION OF JUSTICE

1

Develop and introduce a system of economic assessment of case hearing costs and court workload which should become the basis for determination of court network, number of judges and court staff, calculation of financing. Determine and introduce the standards of court work (human resources management, technological process management, etc.).

Decision-making authority: High Council of Justice, State Court Administration.

2

Ensure procedurally and introduce technologies of e-justice, which will enable full communication of process participants with the court using electronic channels.

Decision-making authority: Verkhovna Rada, State Court Administration.

3

Introduce simplified mechanisms of case hearing, particularly e-writ, automatized seizure of accounts to secure the claim or enforce court decisions.

Decision-making authority: Verkhovna Rada, State Court Administration.





## GOAL IV

### INTRODUCTION OF A FULL-FLEDGED JURY TRIAL

- 1 Make actual public demand to introduce a different model of jury trial where jurors will render verdict concerning a person being (not) guilty, while the judge will award punishment on the basis of the verdict.
- 2 Establish the procedure for hearing cases in a jury trial and extend the scope of its application.
- 3 Develop and introduce programs for protection of jurors and witnesses in criminal proceedings.  
*Decision-making authority: Verkhovna Rada, Ministry of Justice.*



## GOAL V

### INTRODUCTION OF THE WORLD STANDARDS INTO LEGAL EDUCATION AND REGULATION OF LEGAL PROFESSIONS

- 1 Determine legislatively legal professions (attorney, judge, prosecutor, notary) and conditions of access to them, delimit them from other professions into which legal professionals may be involved.
- 2 Introduce legislatively high standards of legal education that would ensure training of professional high-qualified lawyers. Introduce external independent testing as a mandatory condition of getting legal education and access to profession.
- 3 Bring the legislation governing professional legal activity (judges, attorneys, prosecutors, notaries) into conformance with international standards, to facilitate improvement of efficiency of self-government among law professionals.
- 4 Give attorneys a possibility to choose bar associations that would represent their interest thus overcoming the monopolization of bodies of attorneys' self-government.  
*Decision-making authority: Verkhovna Rada.*



## GOAL VI

### ESTABLISHMENT OF AN ANTICORRUPTION COURT TO CONSIDER HIGH-PROFILE CORRUPTION CASES

- 1 Reach a consensus in society, political authorities and international community concerning prompt establishment of the anticorruption court in Ukraine (or a criminal court with broader jurisdiction, which would also include crimes against humanity, war crimes, etc.).  
*Decision-making authority: Verkhovna Rada.*
- 2 Ensure legislatively the operation of the anticorruption court. Set: special rules of selection of judges where political forces and acting judges would not have decisive influence; reinforced guarantees of work of such judges and special mechanism for forming court staff and financing this court. To consider the possibility to involve temporarily foreign judges as lay judges into hearing cases so that they strengthen the capacity of Ukrainian judges to hear the respective categories of cases.  
*Decision-making authority: Verkhovna Rada.*
- 3 Ensure the quality of the composition of the Higher Anticorruption Court as a first instance court, as well as of the respective chamber of the new Supreme Court. The responsible judges of the Supreme Court should also enjoy additional guarantees provided to the judges of the anticorruption court.  
*Decision-making authority: Verkhovna Rada, High Council of Justice, President.*



## GOAL VII

## DIVERSIFICATION OF THE MECHANISM TO SOLVE COMMERCIAL DISPUTES

- 1 Reach consensus in the business environment and political authorities concerning the involvement of business representatives (arbitrators) in commercial disputes solution, as well as improving of arbitration courts operation.
- 2 Ensure legislatively functioning of the arbitrator courts to solve commercial disputes.
- 3 Form qualitative composition of the arbitrators and arbitration courts and launch their operation.  
Decision-making authority: Verkhovna Rada.

### Now

- Complicated and complex four-tier system. ○
- Final court ruling can be expected for years; cases can be re-considered many times. ○
- There is no unity in judicial practice; court rulings are unpredictable. ○
- Everything is on paper and ineffective; possibility of hands-on management. ○
- Cases on high-profile corruption are considered by old courts. ○



#### JUDICIARY

- Judges are dependent on politicians and oligarchs. ○
- Judges are corrupt and unaccountable to the public. ○
- Judges are immune and cannot be brought to responsibility. ○
- Procedures of selection and career advancement of judges are non-transparent; the system pushes the best out. ○
- Judges are poorly motivated and low-paid. ○



#### JUDGES

- Public does not influence the appointment of judges. ○
- The institute of jury is barely working. ○
- Commercial cases are considered exclusively by public courts. ○



#### PARTICIPATION OF THE PUBLIC

- Prosecutor's office acts as a punitive Soviet-style agency with almost unlimited powers. ○
- Public defender's office is centralized and corrupt. ○
- Legal education is mostly low-level and does not meet the European standards; regulation of access to legal profession is outdated and controversial. ○



#### MISC

### Expected

- Three-tier system headed by a new Supreme Court. ○
- A case passes through max. three instances, only once. Final court ruling is adopted quickly and shall not be reviewed. ○
- A new Supreme Court ensures fair and clear judicial proceedings. ○
- Everything is done with the use of advanced technologies; the risk of unlawful interference minimized. ○
- Specialized Higher Anticorruption Court established. ○
- Judges are as much independent of illegal influence as possible. ○
- Judges are integral; the society has effective mechanisms of control over the judges ○
- Judges' immunity is restricted; mismatch between the property and the income is a ground for dismissal. ○
- Procedures of professional selection are transparent and high-quality; the system encourages career advancement of professional and integral judges. ○
- Judges get a competitive salary and, should the need be, physical protection. ○
- It is impossible to appoint the judges not trusted by the public or keep them in their offices. ○
- The institute of jury is working effectively. ○
- Cases can be considered and reviewed according to the arbitration proceedings. ○
- European-style prosecution service is set up to replace the old prosecutor's office. ○
- Public defender's self-government is working effectively; public defenders are independent and professional. ○
- Legal education is high-quality and meets the European standards; the access to legal profession (judge, attorney, prosecutor, notary) is clearly regulated and possible only if the applicant has received high scores at the external independent testing. ○



# PUBLIC ADMINISTRATION REFORM

PROPOSALS PREPARED BY THE RPR EXPERT GROUP

LEAD EXPERT



**Viktor  
Tymoshchuk**

CIVIL SOCIETY  
ORGANIZATIONS

- Centre of Policy and Legal Reform
- CCC Creative center



## ISSUES TO BE RESOLVED BY THE REFORM

The government of Ukraine has low institutional capacity to shape and implement consistent state policy. The work of the Cabinet of Ministers is mostly focused on “extinguishing fires”, while there is no practice of state policy analysis or risk and problem monitoring; the executive authority works in the “instructions from above” mode, not in the incentive mode. The government makes broad use of the “emergency” procedure, according to which draft governmental decisions are adopted without: prior consideration by a governmental committee, inter-departmental approval, public consultations, and legal and anticorruption opinions.

Civil service has a number of noticeable problems: too quick staff turnover, low remuneration, obscure selection procedures especially to higher positions which is accompanied by nepotism; political influence on civil servants, low motivation to do one’s job. The Law “On Civil Service” was adopted to overcome these problems. It came into force on May 1 2016. The quality of its implementation will determine whether these problems will keep existing or will be resolved. Key challenges related to the implementation of this Law are to increase the prestige of civil service, to guarantee equal access to civil service, to introduce a transparent mechanism of recruitment to civil service and effective anticorruption mechanisms in the public sector. Moreover, it is necessary to protect key provisions of the law, as various subjects of legislative initiative might be interested in watering them down.

In Ukraine, as a post-totalitarian state, development of administrative acts is usually guided by the needs of authorities, while there are no mechanisms to take into account the legitimate interests of private persons. Due to the fact that public administration bodies do not involve the stakeholders into the decision-making process, do not guarantee the citizens the right to be heard and the right to access to case materials, do not substantiate their decisions and so on, the citizens and business are not protected against arbitrary behavior of officials. The changes shall be based on the principle “more rights and powers to the citizens and businesses as recipients of administrative services and more duties and responsibilities to the providers of these services.” In European countries, such protection is determined by a general administrative procedure which legislatively describes the procedure for preparing decisions (administrative acts), the rights of officials and citizens.

While obtaining administrative services, citizens encounter a number of problems, particularly obscurity of the set prices (fees), illegal exactions for some administrative services, while the others are totally free. Many prices of administrative services have not been reconsidered since the Decree on State Duty of 1993. In addition, the most popular administrative services (registration of civil status, issue of driver’s license, passports, etc.) still cannot be obtained in the Administrative Service Centers. They are provided by different (scattered) ministries and state services.



## GOAL I

### SENIOR CIVIL SERVICE CORPS AT THE CENTRAL LEVEL IS FORMED

1

Determine mechanisms, sources and schemes of official salaries for newly-elected public officials.  
Decision-making authority: Cabinet of Ministers.

2

Prevent adoption of amendments to the Law «On Civil Service» aimed at distorting its idea.  
Decision-making authority: Verkhovna Rada.

3

Shape an authoritative and integral Commission on Senior Civil Service.  
Decision-making authority: Civil society organizations, Cabinet of Ministers.

4

Select through open competitions and appoint state secretaries of ministries according to the Law «On Civil Service»  
Decision-making authority: Commission on Senior Civil Service, Cabinet of Ministers.



## GOAL II

### MOST POPULAR ADMINISTRATIVE SERVICES ARE DELEGATED TO THE LOCAL SELF-GOVERNMENT AND/OR ARE PROVIDED IN THE ADMINISTRATIVE SERVICE CENTERS, THEIR FEES ARE REGULATED BY THE LEGISLATION

1

Regulate legislatively relations regarding payment for administrative services.  
Decision-making authority: Verkhovna Rada.

2

Fully implement the laws on decentralization of administrative services of residence, business, and real estate registration.  
Decision-making authority: Cabinet of Ministers.

3

Transfer the services of civil status registration from the Ministry of Justice to the communities.  
Decision-making authority: Cabinet of Ministers, Ministry of Justice.

4

Ensure legislatively accessibility and convenience of use of the new passport (ID-card).  
Decision-making authority: Verkhovna Rada.

5

Transfer the equipment for working with passports from the State Migration Service to local self-government bodies and Administrative Service Centers.  
Decision-making authority: Ministry of Interior.

6

Transfer administrative services of vehicle registration and driver's license issue from the Ministry of Interior to communities.  
Decision-making authority: Ministry of Interior.

7

Change the procedure of residence registration from permissible to declarative.  
Decision-making authority: Cabinet of Ministers.



## GOAL III

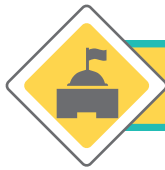
### RELATIONS OF A PERSON AND PUBLIC ADMINISTRATION AIMED AT PROTECTING CITIZENS FROM ARBITRARINESS OF OFFICIALS ARE LEGISLATIVELY REGULATED

1

Reach consensus among the branches of power regarding introduction of the administrative procedure that would correspond to international standards.

2

Regulate legislatively the administrative procedure.  
Decision-making authority: Verkhovna Rada.



## GOAL IV

### INSTITUTIONALLY CAPABLE GOVERNMENT IS ABLE TO IMPLEMENT REFORMS

1

Introduce effective and transparent procedures for preparation of governmental decisions: publication of draft decisions, meetings of governmental committees, public consultations; cancel the procedure of adopting emergency decisions.

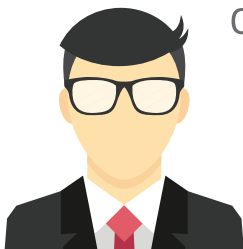
Decision-making authority: Cabinet of Ministers.

2

Create institutionally capable ministries through establishment of new departments that implement specific state policy.

Decision-making authority: Cabinet of Ministers.

## SECRETARY OF STATE



**MINISTER**

MANAGES THE MINISTRY

### COMPARISON OF FUNCTIONS: SECRETARY OF STATE VS. MINISTER



**SECRETARY OF STATE**

SUBORDINATE TO THE MINISTER

### MAIN OBJECTIVE

to shape policy,  
to initiate reforms.



to develop the ways of implementation of minister's  
initiatives, to secure continuity, institutional memory,  
and lawfulness of ministry's activity.

### FUNCTIONS:

is a member of the Cabinet of Ministers,  
participates in its meetings



is a member of a governmental committee(s)

makes decisions about 'political appointments'  
(submits his candidacies for deputy ministers,  
forms an executive support service)



represents the ministry as an 'agency' in the relations  
with other governmental agencies



issues regulatory acts of the ministry

Can initiate dismissal (change)  
of the Secretary of State



is an administrator of 'pre-programmed'  
finances of the ministry



civil servant, who manages the system of Ministry  
(in general)

cannot act for a minister at the meetings of the  
Cabinet of Ministers (it's a function of a political  
deputy of a minister)



supports execution of minister's instructions



represents the ministry as a legal entity  
(in civil law relations)

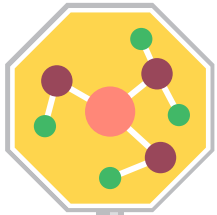


approves individual acts regarding civil officers,  
as well as organizational acts

tackles the issues of public service in the ministry  
(appointment, dismissal, conferral of rank, etc.)



is an administrator of finances to support activity  
of the ministry's secretariat



# LOCAL SELF-GOVERNMENT REFORM AND DECENTRALIZATION OF POWER

PROPOSALS PREPARED BY THE RPR EXPERT GROUP

LEAD EXPERT



Anatoliy  
Tkachuk

CIVIL SOCIETY  
ORGANIZATIONS

- Civil Society Institute
- Ukrainian Center for Independent Political Research



## ISSUES TO BE RESOLVED BY THE REFORM

The reform of local self-government and decentralization of power presupposes overcoming the challenges faced by the country, in particular: dependence of regions on the center; infrastructural and financial weakness of communities; degradation of rural territories; high level of governmental grant provision to communities; little investment attractiveness of territories, etc.

Decentralization is transferring powers, resources, and competence to decide main issues of life to the level closest to people, where it could be done with maximum effect (this is the principle of subsidiarity).

The level of communities is most important for decentralization as they have to exercise powers: pre-school and basic secondary education, utility service issues, local infrastructure, social care, etc.

However, the powers can be transferred only to those who can exercise them. To be able to do this, communities have to be capable – institutionally, financially, and in terms of staff. Therefore, in the course of decentralization communities become larger, join their resources, become wealthier and develop better. For example, a town and surrounding villages will comprise a single territorial community.

Fiscal decentralization is taking place simultaneously with power decentralization. This means that the community will receive a bigger share of taxes paid and, therefore will plan the budget according to targeted programs, which will cover the needs of exercising new powers.

The direction and logic of local self-government reform were determined in the Concept of the Reform of Local Self-Government and Territorial Organization of Power in Ukraine approved by the Government on April 1, 2014.

The reform of local self-government and territorial organization of power has to stand on three pillars: transfer of powers from center to the lowest possible level; according to the powers transferred, financial resources shall be transmitted, and state control over the activity of self-government bodies should be established.

Since adoption of the Concept, a legal framework of the reform was shaped, there were adopted laws opening the possibility of creating capable communities and cooperation of territorial communities; the Tax Code and Budget Code of Ukraine were amended (fiscal decentralization); the State Strategy of Regional Development was approved, and the Law “On State Regional Policy” was adopted; the process of changing administrative-territorial system was initiated.

A peculiar feature of power decentralization in Ukraine is that the reforms of local self-government, territorial organization of executive power, administrative-territorial system, and state regional policy are taking place simultaneously.



## GOAL I

### OPTIMAL ADMINISTRATIVE-TERRITORIAL SYSTEM IS FORMED

- 1 Finish development and approval of long-term perspective plans for the establishment of capable communities in all regions of Ukraine.  
Decision-making authority: Cabinet of Ministers, Ministry of Regional Development.
- 2 Decrease the influence of regional (oblast) councils on shaping long-term perspective plans for the establishment of capable communities.  
Decision-making authority: Verkhovna Rada.
- 3 Finish the development and approve the Methodology of hospital districts establishment.  
Decision-making authority: Cabinet of Ministers, Ministry of Healthcare, Ministry of Regional Development.
- 4 Adopt the Resolution of the Cabinet of Ministers of Ukraine on composition of hospital districts.  
Decision-making authority: Cabinet of Ministers, Ministry of Healthcare, Ministry of Regional Development.
- 5 Adopt the Resolution of the Cabinet of Ministers of Ukraine on administrative districts.  
Decision-making authority: Cabinet of Ministers.
- 6 Simplify the mechanism of creation of amalgamated communities by implementation of the mechanism of territorial community accession.  
Decision-making authority: Verkhovna Rada.
- 7 Introduce the mechanism for recognition of amalgamated communities as capable according to the decision of the Cabinet of Ministers of Ukraine.  
Decision-making authority: Verkhovna Rada.
- 8 Regulate the issue of powers of district (rayon) councils and district (rayon) state administrations in districts where amalgamated territorial communities have been created.  
Decision-making authority: Verkhovna Rada.
- 9 Determine the principles of shaping administrative-territorial system, conditions and procedure of creation of administrative-territorial units, their reorganization, status of settlements, procedure of naming and renaming settlements and administrative-territorial units through adoption of a separate law.  
Decision-making authority: Verkhovna Rada.



## GOAL II

### LOCAL SELF-GOVERNMENT PROVIDES ACCESSIBLE AND QUALITY PUBLIC SERVICES

- 1 Transfer the functions of architectural and construction supervision to local self-government bodies.  
Decision-making authority: Cabinet of Ministers, Ministry of Regional Development.
- 2 Transfer the functions of residence registration, registration of legal entities and individual entrepreneurs, civil associations, provision of information from the State Land Cadastre, state registration of property rights to immovable property and their encumbrances to local self-government bodies.  
Decision-making authority: Cabinet of Ministers, Ministry of Justice.





## GOAL III

### LOCAL SELF-GOVERNMENT IS PROVIDED WITH MATERIAL, FINANCIAL AND ORGANIZATIONAL RESOURCES TO EXERCISE ITS OWN AND DELEGATED POWERS

- 1** Extend the basis of taxation and possibilities of regulating the rates of local taxes and duties, particularly real estate tax. Shift to the European real estate tax formula when determining the tax rate without reduction of payment for the untaxed area.  
*Decision-making authority: Verkhovna Rada.*
- 2** Regulate the income part of local budgets according to their expenditure authority.  
*Decision-making authority: Verkhovna Rada.*
- 3** Solve the problem of jurisdiction of local self-government bodies of the amalgamated territorial communities on the territories outside the localities.  
*Decision-making authority: Verkhovna Rada.*
- 4** Grant the amalgamated territorial communities the right to approve the planning scheme of the territory of the community and manage land resources within their jurisdiction according to the approved urban planning documentation.  
*Decision-making authority: Verkhovna Rada.*
- 5** Grant local self-government bodies the right to control the use of land resources according to the approved urban planning documentation.  
*Decision-making authority: Verkhovna Rada.*
- 6** Improve transparency and efficiency of budget funds use through introduction of targeted program method of making and using local budgets. Introduce the procedures of transparent formation of local budgets with participation of the public and reporting on execution of the budget, electronic procedures for subthreshold procurements, etc.  
*Decision-making authority: Ministry of Regional Development.*
- 7** Stipulate in the budget for 2017 and subsequent years the funds to support the development of infrastructure in amalgamated territorial communities.  
*Decision-making authority: Verkhovna Rada.*



## GOAL IV

### COMMUNITIES PARTICIPATE IN RESOLUTION OF ISSUES OF LOCAL IMPORTANCE

- 1** Introduce effective mechanisms of citizen participation in preparation of decisions by local self-government bodies: local initiatives, public hearings, general meetings of citizens, electronic petitions, performing public expert examination, establishment of advisory and consultative bodies.  
*Decision-making authority: Verkhovna Rada.*
- 2** Ensure the right of territorial communities for local referendum and determine the issues that can be decided during local referendum.  
*Decision-making authority: Verkhovna Rada.*
- 3** Improve the procedure of establishment of bodies of citizens' self-organization, determine a clear procedure for granting them a part of powers of the local self-government, except those having authoritative character, as well as provision of costs to exercise these powers.  
*Decision-making authority: Verkhovna Rada.*





## GOAL V

### FINANCING OF REGIONAL POLICY ENSURES THE DEVELOPMENT AND IMPROVES COMPETITIVENESS OF COMMUNITIES AND REGIONS

- 1 Enlarge the State Fund for Regional Development (SFRD) to 1.5% of the State Budget.  
Decision-making authority: [Verkhovna Rada](#).
- 2 Improve the mechanism for distribution of funds of the SFRD, part of which should be aimed at financing the implementation of the State Regional Development Strategy in the Regions by 2020.  
Decision-making authority: [Verkhovna Rada](#), [Ministry of Regional Development](#).
- 3 Introduce a transparent procedure for selection of local self-government projects to be financed from the SFRD.  
Decision-making authority: [Cabinet of Ministers](#), [Ministry of Regional Development](#).
- 4 Ensure monitoring of SFRD funds use, supervision over conformance of their allocation to the determined efficiency indicators, a reporting system.  
Decision-making authority: [Cabinet of Ministers](#), [Ministry of Regional Development](#).
- 5 Ensure medium-term budgeting of regional development projects.  
Decision-making authority: [Cabinet of Ministers](#), [Verkhovna Rada](#).



## GOAL VI

### THE STATE CONTROLS LEGALITY OF ACTIVITY OF LOCAL SELF-GOVERNMENT BODIES

- 1 Ensure supervision over legality of acts of local self-government bodies by local state administrations of higher level.  
Decision-making authority: [Verkhovna Rada](#), [Cabinet of Ministers](#).
- 2 Ensure the system of dissolution of local self-government bodies in case of inaction or adoption of decisions that pose a threat to the security of the country and its territorial integrity.  
Decision-making authority: [Verkhovna Rada](#).

# PREFECTS. WHO ARE THEY FOR THE LOCAL SELF-GOVERNMENT?

(DRAFT LAW)

## WHO ARE THEY?

- exercise executive power locally
- are civil servants
- do not hold political offices
- **are not changed** with the change of the President or the Government
- **are not dependent on** the local political elites

## WHICH POWERS DO THEY HAVE

IN RELATIONS WITH THE LOCAL SELF-GOVERNMENT BODIES?

- **monitor** observance of the Constitution and the laws by the local self-government
- **cannot** assess reasonability and effectiveness of decisions of local self-government bodies
- **terminate** illegal acts of local self-government bodies and simultaneously turn to court
- the **final** decision on the legality of acts of local self-government bodies is **passed by court**
- **publish** the announcement that an act of local self-government bodies is terminated
- have **less powers** than the existing local state administrations.

## WHERE DO THEY WORK?

- Prefects work in every **district** (rayon) and in every **region** (oblast).
- Kyiv and Sevastopol have their own prefects.
- **Secretariats** are set up to organize prefects' activities.

## WHEN WILL THEY APPEAR?

The institute of prefects will appear after the Constitutional amendments regarding decentralization come into force and local state administrations are, accordingly, **liquidated**.

## WHERE DO THEY COME FROM?

**Exclusively from the candidates pool** to be formed on the basis of open competition.

## WHO APPOINTS THEM?

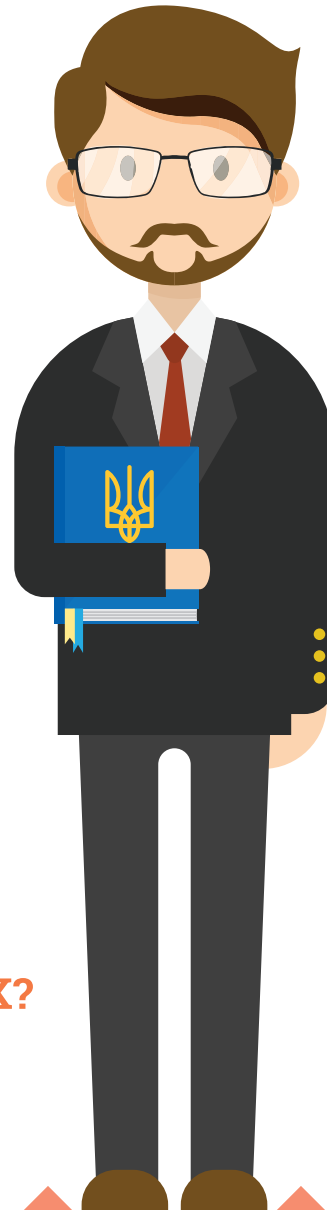
Prefects are **appointed** and **dismissed** by the President as recommended by the Government. Today, there is an identical procedure for the heads of local state administrations.

## WHO ARE THEY SUBORDINATE TO?

Prefects are **responsible** before the President, **accountable** and **subordinate** to the Government, annually **reporting** to them.

## WHAT IS THE PERIOD OF AUTHORITIES?

Prefect shall be in office in a district/region for **no longer than three years**. Then — **mandatory rotation**.



LOCAL STATE  
ADMINISTRATION



Source: <http://decentralization.gov.ua>



# ELECTION LAW REFORM

## PROPOSALS PREPARED BY THE RPR EXPERT GROUP

### LEAD EXPERT



**Yevhen  
Radchenko**

### CIVIL SOCIETY ORGANIZATIONS

- Civil network OPORA
- Committee of Voters of Ukraine
- Internews Ukraine
- Ukrainian Center for Independent Political Research
- Election Law Institute



### ISSUES TO BE RESOLVED BY THE REFORM

The electoral systems based on which the Ukrainian elections are held do not facilitate rotation of political elites and lead to abuse of administrative resources and vote buying. While the political parties represented in the parliament have declared the need in shifting to the open list proportional electoral system for parliamentary elections and local council elections, the respective provisions of the Coalition Agreement are yet to be implemented. Further, there is no systematic dialogue between the politicians and experts on the prospects of the introduction of the open list proportional electoral system and its substance. Despite the permanent changes of the laws governing the elections in Ukraine, the current electoral legal framework fails to address the OSCE/ODIHR and Venice Commission's recommendations for its improvement, neither does it reflect the best European practices..

Despite the significant number of criminal cases against those who committed the election-related crimes, the majority of such cases were closed before the court hearings, while those which survived until court hearings ended up with acquittal verdicts or very soft punishments. The legal framework fails to provide for the sanctions for many violations (including distribution of the goods and services in relation to the election campaigning). As a result, election-related crimes mostly go unsanctioned, something that creates an incentive to repeatedly commit the crimes during the next elections.

The Central Election Commission with the expired terms of the most of its members still remains an issue. During the last several years, the experts have repeatedly called for replacing 12 out of the 15 CEC members, whose terms in office expired in June 2014, by the new members suggested with due consideration of the names put forward by the party factions in the Parliament and civil society organizations specializing in electoral reform issues. In early June 2016, the President of Ukraine has officially proposed a slate of 11 (out of the 12 to be replaced) names to be approved by the legislature. However, the suggested slate of the nominees ignored the interests of a number of the party factions in the Parliament. Non-transparency of the process of replacing the CEC members, whose terms in office have expired years ago, as well as delays in appointments of new CEC members, is unacceptable from both the political and legal standpoints. The replacement of the CEC members with expired terms by the new commissioners through the inclusive and transparent procedure is a key precondition for ensuring independence and integrity of the Election Management Body, increased confidence of the politicians and society in general in the Commission, as well as to more fruitful cooperation between the Commission and the public.

The Central Election Commission fails to maintain close interaction with the citizens. A number of CEC decisions have been strongly criticized by the public and experts (e.g., attempts to cancel the second round of mayoral election in Pavlohrad, de-facto repeal of the legally established gender quotas for the party lists etc.). These decisions have had a negative impact on public confidence in the Commission. Building close cooperation between the CEC, expert community and public in general could contribute to strengthening public confidence in the CEC.



## GOAL I

### STABLE AND TRANSPARENT PARTY AND ELECTORAL SYSTEMS ENSURING RENEWAL OF POLITICAL ELITES, DEVELOPMENT OF INTERNAL PARTY DEMOCRACY AND PREVENTION OF POLITICAL FRAGMENTATION OF PARLIAMENT

1

Introduce the open list proportional electoral system for parliamentary elections.

Decision-making authority: Verkhovna Rada.

2

Update the legal framework governing the local elections to ensure effective political representation in the local authorities.

Decision-making authority: Verkhovna Rada.

3

Launch public funding of political parties and ensure transparency of party finances.

Decision-making authority: National Agency on Corruption Prevention



## GOAL II

### INEVITABILITY OF PUNISHMENT FOR VIOLATIONS OF ELECTION LAWS

1

Introduce an effective system of the sanctions for violations of the election laws, which would eliminate the possibilities for vote buying and abuse of administrative resources.

Decision-making authority: Verkhovna Rada of Ukraine.

2

Strengthen control over enforcement of sanctions for violation of the election laws.

Decision-making authority: Verkhovna Rada of Ukraine.



## GOAL III

### EFFECTIVE AND INTEGRAL CENTRAL ELECTION COMMISSION

1

Institutionalize cooperation of the expert community and civil society with the Central Election Commission through the establishment of the Public Council under the CEC.

Decision-making authority: Verkhovna Rada, Central Election Commission.

2

Facilitate strengthening the staff capacity of the Central Election Commission and contribute to a better quality of the CEC decisions.

Decision-making authority: Verkhovna Rada.

3

Monitor permanently the effectiveness and integrity of functioning of the Central Election Commission.

4

Exclude the possibility of unlimited tenures of the members of the Central Election Commission.

Decision-making authority: Verkhovna Rada.



# LAW ENFORCEMENT BODIES REFORM

PROPOSALS PREPARED BY THE RPR EXPERT GROUP

LEAD EXPERT



**Oleksandr Banchuk**

CIVIL SOCIETY ORGANIZATIONS

- Centre of Policy and Legal Reform
- Association of Ukrainian Human Rights Monitors on Law Enforcement



## ISSUES TO BE RESOLVED BY THE REFORM

Ukrainian law enforcement system has long been not able to meet the contemporary challenges, the needs of the society, and international democratic standards. According to the sociological research of the Institute of Sociology of the National Academy of Sciences of Ukraine, the level of citizens' trust to law enforcement bodies dropped after the Revolution of Dignity to the critical point – 0.8%. Law enforcement bodies reform is a priority superseded only by the fight against corruption, according to the Ilko Kucheriv Democratic Initiatives Foundation.

In July 2015, the Verkhovna Rada adopted the new Law “On National Police” (to replace the Law “On Militia” of 1990), which came into force on November 7, 2015. The law contains many positive elements, including de-politicization of police, service character of its work, etc. The document was recognized by the Council of Europe as detailed and comprehensive (particularly in terms of staff issues). Doing their daily job, the new patrol police which appeared in the streets of Ukrainian cities, returned people's confidence in real systematic changes in the country. Meanwhile, the new law on police contains a number of serious drawbacks which have been indicated both by experts and the Council of Europe. These are the lack of competition to all positions, preservation of quasi-military ranks in the system of police and others. These drawbacks require immediate correction.

Reformation of prosecution bodies has been one of the outstanding obligations of Ukraine before the Council of Europe since 1995. The Law “On Prosecution Service” of 1991, which preserved centralized militarized structure of post-Soviet prosecution service with an internal unconditional subordination of prosecutors to their superiors and attempted to impose total surveillance on all spheres of human life had been in force for a long time. The new Law “On Prosecution Service” was adopted in 2014. In particular, it stipulates depriving the prosecution service of its functions of general surveillance, transferring functions of pre-trial investigation to a new body – the State Bureau of Investigations, holding competitions to fill the positions in newly-established local prosecutor's offices in all regions of Ukraine, and creation of effective bodies of prosecution self-government.

However, in 2016 the goal of prosecution service reform has not been achieved. “Old personnel” and the system of bureaucracy that has been existing over the last decades are resisting the reforms. As a result of the competition, 84% of former senior staff members were reappointed by the Prosecutor General to the administrative positions in newly established local prosecutor's offices. The established bodies of prosecution self-government preserve a high degree of loyalty to the Prosecutor General, thus leaving the prosecution service an instrument in the hands of political power. Power acquisition by these bodies has been postponed until April 15, 2017.

The State Bureau of Investigations, which could have gained its powers on March 1, 2016, has not been established yet. Thus, cases against law enforcement officers, judges and high officials are still being investigated by prosecutors.



## GOAL I

### EFFECTIVE SYSTEM OF CRIMINAL JUSTICE BODIES THAT ENSURES THEIR INDEPENDENCE AND SEPARATION OF POWERS

- 1 Ensure reformation of prosecution service in accordance with requirements of the Law «On Prosecution Service», particularly to increase salaries of prosecutors to the level determined by the law, to ensure publication of all decrees of the Prosecutor General, etc.  
*Decision-making authority: Prosecutor General's office, Cabinet of Ministers.*
- 2 Involve the prosecution service into the system of justice and create joint self-government bodies within the justice system.  
*Decision-making authority: Verkhovna Rada.*
- 3 Bring the structure and powers of the National Police into conformance with the European standards, create single detective subdivisions that would combine the powers of investigators and field agents.  
*Decision-making authority: Verkhovna Rada, Ministry of Interior.*
- 4 Establish the State Bureau of Investigations and launch its operation.  
*Decision-making authority: Cabinet of Ministers.*
- 5 Turn the Security Service of Ukraine into an effective counterintelligence body depriving it of untypical powers according to the standards of the Council of Europe.  
*Decision-making authority: Verkhovna Rada.*
- 6 Eliminate tax militia establishing the respective finance police or transferring its powers to the State Bureau of Investigations.  
*Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.*
- 7 Deprive the penitentiary service of the criminal justice functions and ensure the necessary conditions for stay at the penitentiary institutions.  
*Decision-making authority: Verkhovna Rada, Ministry of Justice.*
- 8 Regulate legislatively the possibility of establishing municipal guard in the communities, which would be in charge of public services and amenities, parking etc without the right to use guns or riot control weapons.  
*Decision-making authority: Verkhovna Rada.*
- 9 Regulate legislatively the possibility to create comfortable parking space for big Ukrainian cities and increase the amount of budget income from parking fees.  
*Decision-making authority: Verkhovna Rada.*



## GOAL II

### EFFECTIVE CRIMINAL LAW

- 1 Introduce the institute of criminal misdeeds.  
*Decision-making authority: Verkhovna Rada.*
- 2 Bring the system of administrative sanctions into conformance with the European standards.  
*Decision-making authority: Verkhovna Rada, Ministry of Justice.*
- 3 Renew the Criminal Code in order to diminish discretion in the course of sentencing, determination of precise and exhaustive wordings, etc.  
*Decision-making authority: Verkhovna Rada.*



## GOAL III

### FAIR CRIMINAL JUSTICE

- 1 Create full-fledged jury trial, where the jury will render verdict of a person being (not) guilty and the judge determining the sentence on its basis.  
Decision-making authority: Verkhovna Rada.
- 2 Ensure legislatively the European level of standards of human rights protection of accused persons in criminal proceedings.  
Decision-making authority: Verkhovna Rada.
- 3 Introduce the mechanisms of state support of crime victims.  
Decision-making authority: Verkhovna Rada.
- 4 Ensure the possibility to review sentences of persons who were convicted using repressive methods of the Code of Criminal Procedure of the USSR.  
Decision-making authority: Verkhovna Rada.

## THE PURPOSE AND THE ACTIVITIES OF THE State Bureau of Investigation (SBI)

CENTRAL EXECUTIVE AUTHORITY THAT IDENTIFIES, DETECTS, AND INVESTIGATES MOST DANGEROUS  
CRIMES AND CRIMES COMMITTED BY SPECIFIC SUBJECTS

### CRIMES



### WITHIN JURISDICTION OF THE SBI

#### MOST DANGEROUS CRIMES:

- Crimes of criminal organizations ○
- Crimes connected with terrorism ○
- Especially grave violent crimes ○

#### CRIMES COMMITTED BY SPECIFIC SUBJECTS:

- Torture and related crimes committed by investigation officers of internal affairs agencies, the Security Service, the NABU, and prosecutors
- Corruption crimes committed by the employees of the NABU and prosecutors of the SAP
- Military crimes

### APART FROM INVESTIGATING CRIMES, THE SBI IS EMPOWERED TO:

Prevent organized terrorism, terrorist and other especially grave violent crimes in order to ensure personal and social safety



Identify the crimes of torture and corruption crimes committed by the investigation officers and prosecutors in order to ensure fair trial

### PUBLIC AND GOVERNMENTAL CONTROL OVER THE ACTIVITIES OF THE SBI:

- Annual psychophysiological check-up of the employees with the use of a lie detector
- Activities of the internal control departments and prosecution supervision
- Disciplinary commission of the SBI and the Public Control Council under the SBI
- Annual written report on the activities of the SBI is submitted to the President, the Verkhovna Rada, and the Cabinet of Ministers and published in media
- Everyone can freely obtain information about the activity of the SBI





# ECONOMIC DEVELOPMENT



PROPOSALS PREPARED BY THE RPR EXPERT GROUP

## CIVIL SOCIETY ORGANIZATIONS

- Center for Economic Strategy
- The Institute for Economic Research and Policy Consulting
- CASE-Ukraine
- Center of Reform Support



## ISSUES TO BE RESOLVED BY THE REFORM

Due to the aggression of the Russian Federation, the Ukrainian economy is undergoing one of the major crises in its history. Military actions in the eastern part of the country and the annexation of Crimea have deprived Ukraine of about 15% of its economic potential. The trade war waged by Russia, which is blocking not only the export into the Russian Federation, but also transit to other countries, has also affected the economic situation. Weak raw materials markets have significant impact on the Ukrainian economy which has historically been focused on the export of raw materials.

The consequences would have been less grave, had Ukraine actively implemented reforms over the last 25 years. However, Ukraine is suffering not only from the hostilities, but also from an excessive state regulation of business, red tape, cumbersome and corrupt state control, excessive share of assets and businesses owned by the state, distorted competition, insecurity of investors, poor institutional development, a lack of infrastructure, etc.

Ukraine traditionally ranks low in the international economic rankings. Thus, in Doing Business-2016, Ukraine ranked 83-rd; in the economic freedom ranking — 162-nd; in the global competitiveness ranking — 79-th.

Economic and political conditions shaped after the Revolution of Dignity and the start of military operation, alongside Ukraine's obligations under the EU-Ukraine Association Agreement and the IMF program, create an enormous potential for the reforms in the economic sector.

Key areas of reform are further deregulation, development of small and medium businesses, continuous development

of competition, privatization and improvement of state property management, export development, etc.

State-owned enterprises do not work efficiently. The problem is caused by frequent political interference into the management, as well as delay in the implementation of corporate governance, restructuring, and reorganization standards. State property is managed by various government agencies, which leads to corruption and low efficiency of enterprises. There is a need of an extensive, fast, and transparent privatization.

Another objective is to harmonize Ukrainian legislation with the European one in accordance with the Association Agreement between Ukraine and the EU. This agreement remains an effective tool for comprehensive reforms, which should take into account the European norms, requirements, and standards, as well as best practices of the European integration progress of other countries. In particular, the legislators are challenged to improve the activities of the customs to promote bilateral international trade, improve national anti-monopoly, food safety legislation and technical regulations in line with European practices, lay down transparent rule in the energy sector, and build a market surveillance system.

All of these areas are tackled by policy documents — both international and national ones (Strategy — 2020, the Coalition Agreement, the Government Priority Action Plan). However, to ensure a successful implementation of these reforms, it is necessary to engage experts and advocate these reforms in the government and in the parliament.

It is also necessary to develop and implement the programs of competition development, in particular those introducing competitive neutrality and ensuring the SMEs development, and to guarantee independent assessment of business climate in Ukraine.





## GOAL I

### CONSIDERABLY SIMPLIFIED AND NORMALIZED CONDITIONS FOR DOING BUSINESS IN UKRAINE

1

Abolish groundless regulatory restrictions. Continue deregulation of economic activities and to make the Ukrainian markets more attractive for domestic and foreign investors, particularly through implementation of the Deregulation Plan and the Doing Business roadmap, as well as a rolling review of the Ukrainian legislation.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.

2

Limit legislatively undue influence of the controlling agencies on businesses, reduce the number and duration of inspections, ensure transparency of inspection procedures, introduce an integrated public database of inspections, introduce the concept of presumption of innocence for businesses and prevalence of substance over form, ensure the use of risk-based control.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade, Ministry of Finance.

3

Correct discrepant and ambiguous provisions of the legislation that give rise to bureaucracy and corruption in the area of licensing, control, etc. Remove duplications between the permit system and the system of administrative services.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.

4

Provide legislative support to the activity of self-regulatory organizations, create conditions for the introduction of business self-regulation institutes and to engage them into the processes of governance and government decision-making.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.

5

Expand the use and to improve the quality of regulatory impact analysis, introduce the norms of «sunset provision» for regulatory acts, as well as the concept of a regulatory cycle.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.



## GOAL II

### MODERN INSTITUTE OF AVOIDING BANKRUPTCY AND RESTORING SOLVENCY

1

Make the activity of the State Agency for Bankruptcy more effective through moving the issue of bankruptcy to the economic block of the Government.

Decision-making authority: Cabinet of Ministers, Ministry of Economic Development and Trade.

2

Make the activity of court-appointed trustees more effective by introducing the ways to deregulate their activities and develop self-government.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.

3

Encourage businesses to take timely measures of financial recovery in case of a threat of insolvency.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.

4

Make it easier for investors to take part in the procedures of debtors' solvency restoration.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.



## GOAL III

### DEVELOPED EXPORT AND INTERNATIONAL TRADE

1

Introduce European standards in the areas of technical regulation and supervision (control) over and protection of consumer rights. Create conditions for the conclusion of the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA) to facilitate exports to the EU.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.

2

Reform sanitary and phytosanitary measures by creating the necessary legal and financial framework to ensure proper functioning of the State Service of Ukraine on Food Safety and Consumer Protection. Adopt the European standards regarding feed and labeling of food and contacting materials. Conduct audit, optimization, and upgrading of the laboratories of the State Service of Ukraine on Food Safety and Consumer Protection, and make a transition to the state control based on risk assessment.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.

3

Cut down on the time for products export and import. Establish a system of authorized economic operators, shorten the time of getting a certificate of origin, introduce the principle of «one stop shop» when cargo crosses the customs border of Ukraine in order to improve Ukraine's position in Doing Business ranking by the indicator «International trade.»

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.

4

Set up a National Committee on Trade Facilitation, introduce the practice of document processing before the arrival of goods, take measures to improve cooperation between border services (agencies).

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.

5

Develop a mechanism of export support to insure, guarantee, and cheapen export credits.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.

6

Create conditions necessary for taking measures to promote export activities of SMEs at the regional level.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.

7

Deregulate and streamline the currency control and the relevant legislation in the sphere of foreign trade, first of all, for the export of services and trade in goods in B2C format, and later — for all agents.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.



## GOAL IV

### BOOST OF THE INFLOW OF INVESTMENTS INTO UKRAINE

1

Enhance legislation on corporate management and property rights to protect investors.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.

2

Implement proactive state policy to attract investments. Set up an office for the attraction of foreign investments empowered to provide the investors with information support, coordination, and assistance.

Decision-making authority: Cabinet of Ministers, Ministry of Economic Development and Trade.

3

Expand the range of instruments the local communities can use to attract investments.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade, Ministry of Regional Development



## GOAL V

### EFFECTIVE PROGRAM OF COMPETITION DEVELOPMENT

1

Create effective markets related to natural monopolies. Minimize state preferences for monopolies (subsidies, tax incentives, access to cheap loans), ensure equal access of the market participants to the goods and services of natural monopolies.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.

2

Make the Antimonopoly Committee of Ukraine (AMCU) more effective, bring its activity in line with the European standards and the provisions of the EU Association Agreement. Introduce a system of priorities of AMCU cases based on the risk of market competition distortion, raise the threshold for their consideration. Introduce a clear and transparent mechanism of calculating fines for the violation of antimonopoly laws. Limit the opportunities for abuse and to prevent violations. Empower the courts to review the amount of fine imposed by the AMCU.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade, Antimonopoly Committee.

3

Strengthen the independence of regulators. Introduce politically independent and transparent supervision in the markets with natural monopolies (e.g. energy and public utilities market).

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Energy, Ministry of Regional Development.

4

Introduce competitive neutrality. Create a level playing field for public and private enterprises.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade, Antimonopoly Committee.



## GOAL VI

### EFFECTIVE AND NON-CORRUPT MANAGEMENT OF PUBLIC PROPERTY

1

Conduct large-scale, quick, and transparent privatization.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade, State Property Fund.

2

Centralize the function of state ownership in a single agency (i.e. empower this agency to effectuate shareholders' rights in those enterprises that will not be privatized). To this end, reform the State Property Fund (set up an independent supervisory board, introduce professional management, set clear objectives for the management, ensure clear accountability and responsibility of the supervisory board and the management) or set up a new National Welfare Fund based on the same principles.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.

3

Reform corporate management in public enterprises that will not be privatized: eradicate political interference, establish independent supervisory boards, and introduce professional management.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.

4

Introduce professional, de-politicized management of public assets through open registers, establishment of supervisory boards, and other mechanisms.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.



## GOAL VII

### ACCESSIBLE AND HIGH-QUALITY INFRASTRUCTURE FOR ECONOMIC ENTITIES

1

Provide straightforward procedures for accessing public utilities and land resources. Simplify the procedures for connecting to electricity and gas supply networks, in particular, to cut cost and to shorten the period of connection. Simplify the procedure of land allocation for the infrastructure projects. Replace the methodology of calculating the infrastructure use fee with a model which encourages investments.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade, Ministry of Regional Development, Ministry of Energy.

2

Make transport infrastructure more accessible and of higher quality. Deregulate inland waterways transportation. Provide private carriers with access to the railway infrastructure. Adopt a de-politicized model of financing highways. Change the road maintenance model by making a transition to the contracts on road surface maintenance and warranty repair of roads.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Infrastructure, Ministry of Economic Development and Trade.

3

Develop an effective functioning model for industrial parks to optimize government spending on infrastructure development and cut administrative costs in the course of accession to the market.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade, Ministry of Regional Development.

4

Make the data on infrastructure public and accessible.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Infrastructure.

5

Ensure ease and affordability of connection to the communication and radio networks.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Infrastructure.

6

Create conditions for the large-scale use of mechanisms of public-private partnerships and concessions in the course of infrastructure development.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.



## GOAL VIII

### CONDITIONS FOR SUSTAINABLE AND RAPID DEVELOPMENT OF SMEs CREATED

1

Develop and adopt a Strategy of Small and Medium Enterprises (SMEs) Development by 2020, as well as a plan on its implementation. Formalize legislatively state support of SMEs development in Ukraine. Improve strategic planning of SMEs development at the regional level.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.

2

Develop additional instruments to support SMEs in accordance with the principles of the Small Business Act, in particular, through granting access to financing and providing consulting and other types of support.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Economic Development and Trade.

3

Set up a new SMEs Development Agency responsible for the implementation of policies for SMEs development and establish regional business support centers.

Decision-making authority: Cabinet of Ministers, Ministry of Economic Development and Trade.

4

Streamline the procedure of providing public services for SMEs and improve their quality.

Decision-making authority: Cabinet of Ministers, Ministry of Economic Development and Trade.

5

Enhance the system of collection, processing, and publication of information on the status and dynamics of SMEs development. Resume preparation of analytical reports on the status and prospects of SMEs development, introduce SMEs Profile, and conduct an independent assessment of the business climate in Ukraine.

Decision-making authority: Cabinet of Ministers, Ministry of Economic Development and Trade.



# TAX AND BUDGET REFORM

PROPOSALS PREPARED BY THE RPR EXPERT GROUP

LEAD EXPERT



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- Institute for Economic Research and Policy Consulting
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## ISSUES TO BE RESOLVED BY THE REFORM

Ukrainian tax system is characterized by the following deficiencies:

- Tax compliance is unnecessarily complicated. According to the World Bank's Doing Business Report, in 2015, a Ukrainian firm spent on average 350 hours for preparation and submission of tax reports and payments. In the region of Europe and Central Asia the corresponding (average) indicator constitutes 232.7 hours, in the OECD countries — 176.6 hours.

- Tax authorities are plagued with corruption: according to the «Business corruption perceptions index» (the survey research held by TI-Ukraine, GfK, PwC and PrivatBank in 2015), 26.7% of enterprises admitted some forms of it in their contacts with tax bodies.

- The share of the GDP redistributed through public finance is excessive.

- High personal discretion embedded in the design and implementation of tax legislation makes payments unpredictable, creates opportunities for corruption, and distorts competition.

Problems at the institutional level. The state fiscal service performs a number of irrelevant functions. In particular, it develops the tax policy and drafts the bills, provides official elucidations of legislation, etc. This provides the tax authority with extensive discretionary power in interpretation of the law and imposing of repressive actions on the payers, which results in high level of corruption.

Problems in administration of taxes. Frequent changes in legislation accompanied by lack of timely methodological, consultative and technical support cause errors for which the taxpayers often get sanctioned. Many of the norms stipulated in the tax legislation are contradictory and obscure; they need systematization. Tax officers are endowed with broad opportunities of discretionary (selective, at their own will) enforcement of the legislation. In addition, official elucidations often misinterpret acting legislation, contradict to it, or do not correspond to the economic essence of business operations. Legislative acts contain too many indirect norms. As a result, numerous issues of taxation and related topics are regulated by the bylaws.

Problems at the macroeconomic level. Excessive tax burden is closely tied to excessive redistribution of gross domestic product through public finance.

Problems with the quantity and structure of taxes. The structure of taxes does not correspond to national peculiarities and development goals. In particular, direct taxes (especially labour taxes) play disproportionately considerable role as for the country suffering from systematic corruption, while the role of taxes on property and land (capital tax) is insignificant. For some taxes the procedure of payment involves advance payments, overpayments, or freezing a part of working capital of the firm.



## GOAL I

### SIMPLE, TRANSPARENT AND PREDICTABLE TAX SYSTEM THAT REQUIRES MINIMUM TIME FOR CALCULATION AND PAYMENT OF TAXES

1

Create a transparent mechanism for the VAT refund through introduction of a single register of applications for VAT refund.

Decision-making authority: Verkhovna Rada, Ministry of Finance.

2

Improve the VAT administration in order to mitigate erosion of the working capital of enterprises caused by acting system of the VAT accounts through introduction of a double overdraft, extension of the term for tax invoice's registration, etc.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.

3

Continue to cut the payroll tax (single social contribution).

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.

4

Move from taxation of net profits to the tax on withdrawn capital, while compensations of budget revenue losses to be done through improvement of taxation of the enterprise property.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.

5

Improve enterprise property taxation by making it more revenue-effective and less discretionary.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.

6

Introduce a single account for all tax payments, except the VAT.

Decision-making authority: Verkhovna Rada, Ministry of Finance.

7

Introduce e-services for taxpayers: e-cabinet, electronic receipt register, and electronic excise label register.

Decision-making authority: Verkhovna Rada, Ministry of Finance.

8

Prohibit opening criminal proceedings against the taxpayers before they fail to pay their accrued tax liabilities agreed with tax authorities — in order to decrease the opportunities for extortion.

Decision-making authority: Verkhovna Rada.

9

Increase the SFS's (State Fiscal Service) openness through regular publication of aggregate data on tax compliance by categories of taxpayers, and detailed reports of activities of the Service.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.

10

Move from tax exemptions (mainly in the VAT and local taxes) to the targeted assistance to low-income households.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance

11

Introduce the patents for sole proprietors in order to simplify their registration, accounting, taxation, reporting and quitting of business activity.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.

12

Prohibit the auditing bodies from cancelling the accrued tax credit due to formal reasons. Reconsider the amounts and reasons for application of fines.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.

13

Improve the mechanisms of control over transfer pricing, develop the measures aimed at discouraging of the aggressive tax planning that involves tax havens (so called «de-offshorization»).

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.

14

Prohibit the supervising tax bodies from unilateral terminating the agreements on recognition of electronic documents (or limit such possibility).

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.





## GOAL II

### THE LEVEL OF GDP REDISTRIBUTION THROUGH THE PUBLIC FINANCES DOES NOT EXCEED 37% - IN ORDER TO CREATE OPPORTUNITIES FOR SUSTAINABLE ECONOMIC DEVELOPMENT

- 1 Conduct fiscal policy aimed at decreasing the ratio of total expenditures of the public sector to GDP to 37% in the medium-term period.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.
- 2 Introduce fiscal rules that would limit the share of GDP's redistribution through public finance.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.
- 3 Optimize the structure and size of 2017 Budget expenditures.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.
- 4 Establish the practice of full-fledged medium-term state budget planning.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.
- 5 Finish the verification of social payments and pensions in order to increase the efficiency of budgetary spending.  
Decision-making authority: Cabinet of Ministers, Ministry of Finance.
- 6 Reform the state-governed Social Security Funds, in particular, to cancel mandatory social insurance against workplace accidents.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.
- 7 Reform the budgetary process, particularly, improve the program-targeted method of financing.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.



## GOAL III

### STATE FISCAL SERVICE IS TRANSFORMED INTO A SERVICE PROVIDER

- 1 Divide the rule-setting, service-providing and auditing functions performed by the State Fiscal Service between two separate public institutions.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.
- 2 Deprive the SFS of non-relevant law enforcement functions and functions of state policy formation.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.
- 3 Dissolve the tax militia and establish a separate state body for financial investigations (finance police).  
Decision-making authority: Cabinet of Ministers, Ministry of Finance.
- 4 Develop and establish a system of key performance indicators (KPI) for better grounded assessment of the SFS's work performance.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.
- 5 Strengthen the responsibility of the state before taxpayers for the losses caused by unlawful actions (or inaction) of tax officials, particularly through constant monitoring of elucidations, inspections and court rulings.  
Decision-making authority: Verkhovna Rada, Ministry of Finance.
- 6 Introduce the mechanism for preventing the conflict of interest for inspections, as in case of family relations among the officials of auditing bodies and the taxpayers.  
Decision-making authority: Verkhovna Rada, Ministry of Finance.
- 7 Introduce a possibility to cancel the results of inspection in case of violations during its scheduling and/or conduct.  
Decision-making authority: Verkhovna Rada, Ministry of Finance.
- 8 Limit the rights of auditing bodies to make ungrounded requests to taxpayers.  
Decision-making authority: Verkhovna Rada, Ministry of Finance.



# REFORM OF FINANCIAL SECTOR AND PENSION SYSTEM

PROPOSALS PREPARED BY THE RPR EXPERT GROUP

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## ISSUES TO BE RESOLVED BY THE REFORM

The stage of cleansing and transition from financial repressions to financial liberalization, which has been undergone in due time by banking and non-banking financial systems of all the transformed countries, has been delayed in the financial sector of Ukraine.

We expect that by 2020 the conditions for a stable economic development of Ukraine will be created, based on the transformation of the financial sector of Ukraine into a competitive environment with an investment and innovation climate. First and foremost, we focus on the three major sectors of the financial market of Ukraine: banking sector, stock market, and insurance sector.

The main issues at the middle and final stages of the transformation of banking systems, characteristic of the Ukrainian banking sector, as defined by the World Bank, are the following:

- Poor crediting, big credits to the public sector, financial and industrial groups, and «clients with good connections», which had resulted in a large amount of bad credits;
- Public banks, crediting either their «traditional» clients, or «clients with good connections», keep playing a considerable role;
- Liberalization of bank licenses has resulted in emergence of pocket banks which credit the affiliated persons or launder money;
- Closed nature of the financial market has allowed the local elites to maintain or increase their economic

and political influence, while the system of state deposit guarantee provides them an unimpeded access to the deposit resources;

- Impeded development of the environment necessary for the emergence of local capital market (equity and debt) — it is necessary to develop the regulatory framework, to ensure the actual implementation of bankruptcy procedures, to strengthen protection of minority shareholders, and to formalize the rules of conduct of market participants.

Along with the reforms aimed at addressing these issues, Ukraine needs to bring the practices in the market of pension provision and insurance in line with the international standards.

Balances of insurers need cleansing of troubled assets; risk provisions are formed too late and not in full, which is a result of the non-implementation of effective monitoring of the insurance sector on the basis of IAIS and Solvency II.

Defined contribution pension system should be introduced. As a result of the delay, the amount of long-term investments in Ukraine at the expense of long-term reserves of insurers remains extremely low.

Conditions for the protection of agricultural producers through agricultural insurance have not been shaped. Conditions for voluntary healthcare insurance have not been created, which limits the possibilities of Ukrainian citizens to provide themselves with healthcare insurance on a voluntary basis.

Consumer rights of those using the service of insurance of civil liability of vehicle owners should be strengthened, especially in view of extremely low compensation payments for damage to life, health, and working ability of traffic accident victims.





## GOAL I

### STABLE AND TRANSPARENT BANKING SYSTEM WITH A HIGH LEVEL OF TRUST PERFORMING KEY FUNCTIONS: SAVING, ACCUMULATION, FINANCIAL MEDIATION, AND ACCOUNT MANAGEMENT SUPPORT IN THE ECONOMIC SECTOR

- 1** Ensure a transparent and accountable activity of the National Bank through establishing an integral and professional Board of the National Bank of Ukraine in order to ensure a proper level of control over the regulator's activity.  
Decision-making authority: Verkhovna Rada, President.
- 2** Restore trust in the banking system and to improve crediting by making the ownership structure and financial reporting of banks more transparent, improving deposit insurance system, and offering additional opportunities to diversify assets.  
Decision-making authority: Verkhovna Rada, Ministry of Finance, National Bank.
- 3** Minimize toxic assets – formalize legislatively proper protection of the rights of creditors and financial services consumers, to regulate the issue of bad debts, and to establish the procedure of personal bankruptcy.  
Decision-making authority: Verkhovna Rada.
- 4** Clearly determine the functions and the role of state banks in the country, ensure high-quality corporate management and establishment of independent supervisory boards in state banks and/or privatization of state banks.  
Decision-making authority: Verkhovna Rada, Ministry of Finance.



## GOAL II

### LIBERALIZED CURRENT ACCOUNT AND CAPITAL MARKET

- 1** Formalize legislatively the goal and the objectives of exchange rate policy.  
Decision-making authority: Verkhovna Rada, National Bank, Cabinet of Ministers.
- 2** Ensure free movement of capital with the European Union and the Organization for Economic Cooperation and Development countries.  
Decision-making authority: Verkhovna Rada, National Bank, Cabinet of Ministers.
- 3** Ease access to the financial services markets.  
Decision-making authority: Verkhovna Rada, Ministry of Finance, National Bank, National Commission for Regulation of Financial Services Markets of Ukraine.



## GOAL III

### UPGRADED PENSION SYSTEM WITH THREE LEVELS OF PENSION PROVISION

- 1** Balance the pay-as-you-go public pension system by making pensions dependent on the rate of contributions, the retirement age – economically justified, and the Pension Fund – institutionally capable and transparent.  
Decision-making authority: Verkhovna Rada, Ministry of Social Policy, Ministry of Finance.
- 2** Introduce a defined contribution system of mandatory state pension insurance.  
Decision-making authority: Verkhovna Rada, Ministry of Social Policy, Ministry of Finance.
- 3** Create conditions for the development of private pension funds by offering incentives for businesses and individuals and introducing European standards of governance, transparency, and reliability of private pension funds.  
Decision-making authority: Verkhovna Rada, Ministry of Social Policy, Ministry of Finance.



## GOAL IV

### DEVELOPED TRANSPARENT CLASSICAL EUROPEAN INSURANCE MARKET

1

Formalize legislatively the development of a transparent market of insurance services.

Decision-making authority: Verkhovna Rada, Ministry of Finance, National Commission for Regulation of Financial Services Markets of Ukraine.

2

Analyze reasonability of creating a deposit insurance system for accumulative types of life insurance as a protection of property rights.

Decision-making authority: Verkhovna Rada, Ministry of Finance, National Commission for Regulation of Financial Services Markets of Ukraine.



## GOAL V

### IMPROVED INSTITUTIONAL REGULATION OF THE FINANCIAL MARKET

1

Implement the European standards of supervision and regulation in the capital markets and develop a favorable legal framework to ensure the development of the financial sector in part of access to information, transparent market rules to guarantee its reliability and stability, protection of minority shareholders' rights, and improvement of bankruptcy proceedings.

Decision-making authority: Verkhovna Rada, Ministry of Finance, National Commission for Regulation of Financial Services Markets of Ukraine, National Securities and Stock Market Commission.

2

Improve the system of hedging, develop a civilized market of derivatives.

Decision-making authority: Verkhovna Rada, Ministry of Finance, National Securities and Stock Market Commission.



# ENERGY SECTOR REFORM

## PROPOSALS PREPARED BY THE RPR EXPERT GROUP

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- Civil network OPORA
- National Ecological Center of Ukraine
- DiXi Group
- Association on Energy Efficiency and Energy Saving



### ISSUES TO BE RESOLVED BY THE REFORM

Lack of strategic objectives. «Energy Strategy — 2030», approved by the Cabinet of Ministers of Ukraine in 2013, has lost its relevance due to the critical changes and new challenges in the political, economic, and energy spheres. The strategy neither provides for a clear-cut distribution of duties and responsibilities between the public authorities related to its implementation, nor considers global trends for energy sector development and a number of international obligations of Ukraine. Therefore, it requires updating.

Low institutional capacity of governmental agencies in the energy sector. The National Commission for State Regulation of Energy and Public Utilities (Commission) has adopted several reckless decisions in a non-transparent manner and is, thus, no longer trusted neither by market participants nor by consumers. The procedures of formation and operation of the Commission do not ensure its complete independence. This discredits its decisions in the eyes of the subjects of the relevant markets. The current pace of «green» generation development raises doubts about the feasibility of the indicators enshrined in the National Renewable Energy Action Plan — 2020. In addition, the State Agency on Energy Efficiency and Energy Saving of Ukraine is vested with two competing functions — reducing energy consumption by boosting energy efficiency and increasing energy production from renewable energy sources, which prevents it from focusing on high-quality performance of either function. Management of state-owned enterprises has not been reformed yet, which leads to regular corruption scandals and non-transparent and ineffective operation.

Information about the sector is inaccessible. Implementation of the Extractive Industries Transparency Initiative (EITI) by Ukraine is certainly a significant step to improve the transparency of one of the key components of the energy sector. However, a high level of data aggregation in the first EITI report on Ukraine makes it difficult to obtain objective information about the real situation and the needs of the industry. Another factor which might complicate the process is an obligation to include not only oil and gas sector, but also coal and iron ore extraction industries into the second EITI report on Ukraine.

Lack of effective market mechanisms. The effective legislation on energy markets fails to create conditions ensuring fair and open competition between the market participants, which has led to a monopoly dependence on the existing players and consumers' inability to change the service provider and to protect their rights. This applies both to the gas market — due to the lack of a full package of necessary legal acts and incomplete reform of «Naftogaz Ukraine» NJSC — and to the electricity market which remains the most non-transparent and overregulated market, as the framework law has not been adopted yet.

Low energy efficiency and energy dependence. The increase of ultimate prices for energy for consumers and reduction of sectoral subsidies since 2014 have created preconditions and incentives for the majority of consumers to optimize their consumption. The lack of a large-scale support of energy efficiency projects in the sector of residential and public buildings hampers modernization. The current approach to subsidizing the citizens by providing consumers with a share of free energy and public utilities does not encourage them to reduce energy consumption. The subsidies prevent introducing energy efficiency measures. At the same time, the investments and methods of financing of energy efficiency programs remains low and ineffective in terms of impact on reducing energy consumption.



## GOAL I

### STRATEGIC VISION OF ENERGY SECTOR DEVELOPMENT IS BEING IMPLEMENTED BY TRANSPARENT AND ACCOUNTABLE BODIES

1

Develop and adopt a new Energy Strategy of Ukraine — 2035 with a vision extending to 2050, taking into account capacities and the needs of the economic sector, as well as the aspects of energy efficiency, environmental protection, and social security.

Decision-making authority: Cabinet of Ministers, Ministry of Energy and Coal Industry of Ukraine.

2

Develop and adopt a Low-Carbon Development Strategy, an Environmental Strategy, and other relevant strategies, taking into account the Energy Strategy.

Decision-making authority: Cabinet of Ministers, Ministry of Environmental Protection, Ministry of Energy and Coal Industry of Ukraine.

3

Formalize legislatively political, institutional, and financial independence of the National Commission for State Regulation of Energy and Public Utilities (Commission).

Decision-making authority: Verkhovna Rada.

4

Appoint professional and law-abiding members of the Commission and professional staff of the Commission's back office.

Decision-making authority: Subject determined by the Law on the National Commission for State Regulation of Energy and Public Utilities.

5

Identify clearly the body responsible for the development and coordination of national energy efficiency policies.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers.

6

Re-distribute the functions of the central executive bodies in part of renewable energy development policy. Reform the Ministry of Energy and Coal Industry of Ukraine, identify new goals and tasks in accordance with the global trend of the de-carbonization and the updated Energy Strategy.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Energy and Coal Industry of Ukraine, Ministry of Environmental Protection of Ukraine, State Agency on Energy Efficiency and Energy Saving of Ukraine.

7

Carry out corporatization of state-owned enterprises in the energy sector.

Decision-making authority: Cabinet of Ministers.



## GOAL II

### FAVORABLE CONDITIONS FOR THE DEVELOPMENT OF COMPETITIVE MARKETS OF GAS, ELECTRICITY AND HEATING

1

Develop and implement secondary legislation necessary for the operation of electricity and gas markets.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Energy and Coal Industry of Ukraine.

2

Launch the formation of structural units and related market automation systems.

Decision-making authority: Cabinet of Ministers, Ministry of Energy and Coal Industry of Ukraine.

3

Review the program of integration of the United Energy System of Ukraine into the European network of ENTSO-E in order to synchronize this process with the launch of a new electricity market.

Decision-making authority: Cabinet of Ministers, Ministry of Energy and Coal Industry of Ukraine.

4

Regulate legislatively the functioning of the heating supply market: determine legal, economic, and organizational principles of market functioning on the grounds of free competition, consumer protection, and security of supply.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Energy and Coal Industry of Ukraine.

5

Introduce the regulatory asset base (RAB) in the sphere of energy and public utilities.

Decision-making authority: Cabinet of Ministers, National Commission for State Regulation of Energy and Public Utilities.



## GOAL III

### ENERGY SECTOR FUNCTIONS IN A TRANSPARENT MANNER

1

Make commercial metering of energy resources legally binding.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers.

2

Complete the installation of 100% of energy resources commercial metering systems by the licensees.  
Decision-making authority: National Commission for State Regulation of Energy and Public Utilities, Ministry of Regional Development, local self-government bodies.

3

Formalize legislatively the transparency of extractive industries through disclosure of information in accordance with the standards of the Extractive Industries Transparency Initiative and the EU directives on financial reporting.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Energy and Coal Industry of Ukraine.

4

Take measures to have the State Statistics Service of Ukraine, the National Commission for State Regulation of Energy and Public Utilities, the Ministry of Energy and Coal Industry, the Ministry of Economic Development and Trade, the State Agency on Energy Efficiency and Energy Saving of Ukraine, the Ministry of Justice, and local self-government bodies publish the data on the energy sector in line with the commitments of Ukraine to the Energy Community and the Law of Ukraine «On Access to Public Information.»  
Decision-making authority: Cabinet of Ministers, Ministry of Energy and Coal Industry of Ukraine, National Commission for State Regulation of Energy and Public Utilities.

5

Ensure consolidation of energy data, including price formation in the sphere of public utilities, at the national level by publishing this information on the portal data.gov.ua.  
Decision-making authority: Cabinet of Ministers, Ministry of Energy and Coal Industry of Ukraine, National Commission for State Regulation of Energy and Public Utilities.



## GOAL IV

### EFFECTIVE INCENTIVES AND INSTRUMENTS OF REDUCING ENERGY CONSUMPTION BY THE POPULATION

1

Harmonize the framework legislation on energy efficiency with the European standards: set the national goals of improving energy efficiency of the economy and identify the instruments of their achievement (Directive 2012/27/EC).  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Regional Development.

2

Formalize legislatively conditions for energy certification of buildings and widespread use of energy audit.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Regional Development, Ministry of Energy and Coal Industry of Ukraine.

3

Establish and launch an Energy Efficiency Fund or a similar mechanism to provide long-term state financial support of energy efficiency in the housing sector.  
Decision-making authority: Cabinet of Ministers, Ministry of Regional Development.



## GOAL V

### PROTECTED RIGHTS OF ENERGY SERVICES CONSUMERS

1

Replace the subsidy mechanism in the sphere of energy and public utilities with the one promoting energy modernization and reduction of energy consumption, i.e. targeted monetized subsidies with a specific period at the end of which they shall be reduced and terminated.  
Decision-making authority: Cabinet of Ministers, Ministry of Energy and Coal Industry of Ukraine.

2

Ensure favorable legal regulation of the development of distributed micro and small energy systems to encourage self-organization of consumers into energy independent communities.  
Decision-making authority: Verkhovna Rada.



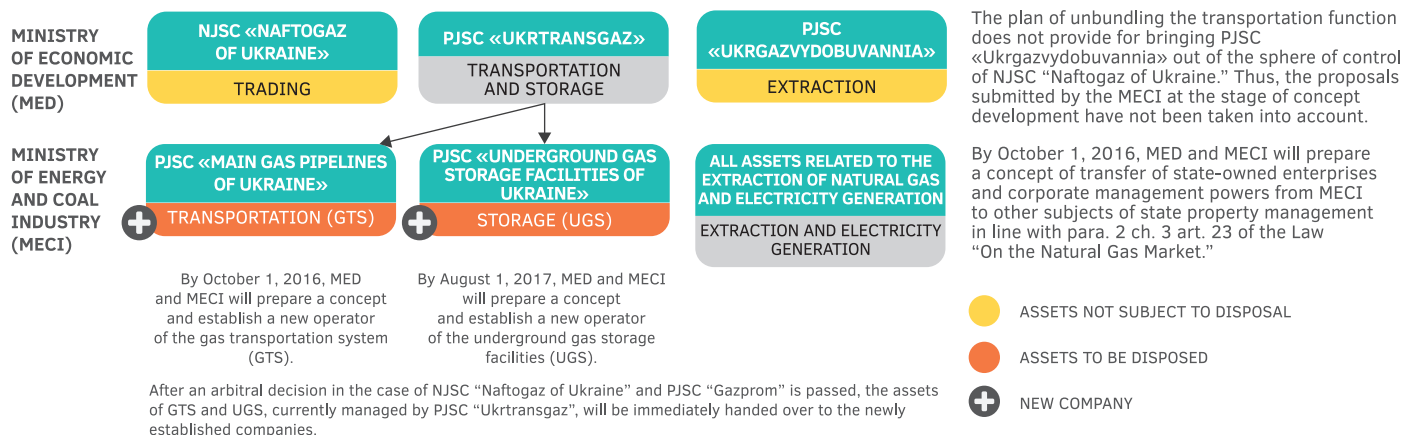
## GOAL VI

## EFFECTIVE MECHANISMS OF ENERGY EFFICIENCY IN THE PUBLIC SECTOR

- 1** Prepare and adopt a governmental resolution on the introduction of energy management in the public sector.  
**Decision-making authority:** Cabinet of Ministers, Ministry of Regional Development.
- 2** Make local self-government bodies responsible for the normalization and development of local energy and public utilities sector.  
**Decision-making authority:** Cabinet of Ministers, Ministry of Energy and Coal Industry of Ukraine, Ministry of Regional Development.
- 3** Create a national registry of all public buildings, introduce energy performance certification.  
**Decision-making authority:** State Agency on Energy Efficiency and Energy Saving of Ukraine, Cabinet of Ministers.
- 4** Stop compensating the difference in heating prices for local heating companies.  
**Decision-making authority:** Cabinet of Ministers, National Commission for State Regulation of Energy and Public Utilities.
- 5** Formalize legislatively the necessary conditions for energy service companies (ESCOs) to conduct energy modernization in the public sector.  
**Decision-making authority:** Verkhovna Rada.

### How Will Unbundling of the National Joint Stock Company Naftogaz of Ukraine Be Conducted?

ON JULY 1, 2016, THE CABINET OF MINISTERS OF UKRAINE DETERMINED THE LONG-AWAITED PROCEDURE OF UNBUNDLING OF THE FUNCTIONS OF NATURAL GAS TRANSPORTATION AND STORAGE OF THE NAFTOGAZ GROUP, WHICH WILL CONCEPTUALLY IMPLEMENT THE EU THIRD ENERGY PACKAGE IN THE GAS MARKET. PLEASE HAVE A LOOK AT THE ILLUSTRATION BELOW TO SEE HOW AND WHEN IT WILL BE DONE.



### Benefits

- Full compliance with the EU Third Energy Package. If properly implemented, the model will ensure independence of GTS and UGS operators from NJSC «Naftogaz of Ukraine», destroying vertical integration of the state giant.
- Immediate independence of the GTS operator. A new company will not be burdened with the reputation of outdated and non-transparent practices of PJSC «Ukrtransgaz», as well as, if properly implemented, its established connections with NJSC «Naftogaz of Ukraine.»
- GTS and UGS operators will have no non-profile functions and assets. Unbundling network businesses not only from extraction and supply, but also transportation and storage will contribute to further specialization and independence of the two operators.
- High-quality strategic management of GTS and UGS assets. Once the operators are subordinate to MECI, there will be conditions for harmonious and synergetic development of all energy networks in the country in a strategic perspective.

### Drawbacks

- Potential abuse of powers by MECI. Apart from references to the OECD guidelines, the model does not offer any warranties of independence of new operators on the part of MECI. The concept of a fire wall prepared by the Ministry might be neglected.
- Lower commercial attractiveness of UGS. Given the financial indicators of its activity, without support of a more marketable transportation business, a UGS operator risks not getting investments critically important for modernization.
- Considerable risk of interference of NJSC «Naftogaz of Ukraine.» This company was extremely active while defending its interests at the stage of the model development and will expectedly continue its attempts to minimize losses through preserving indirect control over the new operators in the course of implementation of a new model.
- Reputation risks of transit reliability reduction. Despite the actual consequences and the period of reduced reliability of the system of international gas transportation to the EU, the aggressor state Russian Federation will definitely use this as an argument against Ukraine and in favor of the Nord Stream 2.

### RECOMMENDATION

Attention to and control of the implementation process. The approved model is the result of a compromise and fully complies with the requirements of the EU Third Energy Package and the donors. However, given a large number of critical risks, we call for setting up a parliamentary commission with the participation of experts to monitor the process.





# MEDIA REFORM

## PROPOSALS PREPARED BY THE RPR EXPERT GROUP

### LEAD EXPERTS



**Igor  
Rozkladai**



**Roman  
Holovenko**

### CIVIL SOCIETY ORGANIZATIONS

- Center for Democracy and Rule of Law
- Detector Media
- Centre UA
- Internews Ukraine



### ISSUES TO BE RESOLVED BY THE REFORM

Many years of stagnation and conservation of the Ukrainian media space formed on the basis of an archaic system of state-controlled broadcasting, state and municipal media, and largely monopolized oligarchic business sector of traditional TV, radio and the press have clearly demonstrated the need for a series of reforms during the Revolution of Dignity. Back in 2003, Ukraine made a commitment to replace state-controlled broadcasting with public broadcasting with political, financial, and editorial independence, to conduct «de-statization» of state-owned and municipal printed press, and to implement effective mechanisms of disclosing the information about the actual owners of the media. However, all the attempts to implement the reform have either failed at the legislative level, or have not even been discussed at the parliamentary sessions.

The media reform launched in 2014 allowed to adopt a new Law «On Public Television and Radio Broadcasting» (later amended), the Law «On the Reform of State-Owned and Municipal Media», and the amendments to several laws introducing transparency of media ownership. In addition, a non-democratic institution — the National Expert Commission on the Protection of Public Morality — has finally been liquidated.

The adopted laws have to be properly implemented, in particular, at the level of subordinate regulations. Thus, within the implementation of the public broadcasting reform, the drafts of by-laws regulating public broadcasting

are being prepared. Due to the sabotage on the part of the SE «Ukrainian Television Studio Films Ukrtelevfilm», the law on public broadcasting was amended to change the procedure of merger of this company. In the course of implementation of the laws on de-statization of press and transparency of media ownership, unexpected issues have arisen. Further amendments shall be introduced to tackle them.

Implementation of these reforms has also demonstrated the need to prepare and adopt a law on audiovisual services, which should replace the outdated law on television and radio broadcasting (2006), as well as the need to review and partly repeal the legislation regulating the printed media. The laws, developed over 10 years ago and outdated even back then, hamper the development of new forms of signal transmission and provision of additional services such as video-on-demand, IPTV, OTT and others. Excessive regulation of the press does not yield any tangible benefits, while a number of requirements for media registration (for example, an obligation to specify the scope of distribution, program objectives, and the expected publication frequency) reflect neither quantitative nor qualitative market conditions.

The role of media during the election campaign should also be reinforced by introducing debate programs, cutting down on the amount of political advertising, and increasing safety of media and journalists. The latter involves restoring the mechanisms of preventing pressure on the media through lawsuits with excessive amounts of «compensation» for moral damages for the criticism of public figures in media.



## GOAL I

### PUBLIC BROADCASTING INDEPENDENT OF STATE AGENCIES ESTABLISHED

1

Prepare statutory documents of PJSC «National Public Broadcasting Company of Ukraine» (NSTU).  
Decision-making authority: Cabinet of Ministers, State Committee for Television and Radio Broadcasting.

2

Establish and launch an independent public broadcaster.  
Decision-making authority: Cabinet of Ministers, central executive body determined by the Cabinet of Ministers of Ukraine.

3

Introduce effective mechanisms and an appropriate level of financial security of public broadcasting, in particular, through ensuring that the National Public Broadcasting Company of Ukraine is financed out of the state budget in the amount established by law.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.

4

Reinforce guarantees of independence of the public broadcaster through improving legal regulation of its activities as a follow-up of the reorganization of the National Television and Radio Broadcasting Company of Ukraine.  
Decision-making authority: Verkhovna Rada.



## GOAL II

### STATE-OWNED AND MUNICIPAL PRINTED MEDIA REFORMED INTO INDEPENDENT PERIODICALS

1

Finish de-statization of periodicals involved in the first stage of the reform.  
Decision-making authority: Cabinet of Ministers, State Committee for Television and Radio Broadcasting, printed media founders.

2

Improve legal regulation of the process of de-statization of press as to the funding of the reformed periodicals, their organizational and legal form, etc.  
Decision-making authority: Verkhovna Rada.

3

Ensure timely implementation of the second stage of the reform – de-statization of all the remaining state-owned and municipal periodicals.  
Decision-making authority: State Committee for Television and Radio Broadcasting, printed media founders.



## GOAL III

### EUROPEAN STANDARDS IN THE FIELD OF AUDIOVISUAL MEDIA SERVICES INTRODUCED

1

Formalize legislatively the European standards of audiovisual services regulation: the transparent rules of broadcast licensing, a notification system for off-the-air broadcasting and services, the procedure of implementing cutting-edge technologies, etc.  
Decision-making authority: Verkhovna Rada.

2

Improve the grounds and the mechanism of bringing media to responsibility for violating the requirements of media law or license.  
Decision-making authority: Verkhovna Rada, National Council of Ukraine for Television and Radio Broadcasting.

3

Introduce a competitive procedure of staffing the National Council of Ukraine for Television and Radio Broadcasting.  
Decision-making authority: Verkhovna Rada.

4

Perform public control over the implementation of over-the-air digital broadcasting.

5

Promote development of non-commercial broadcasting to exercise the information rights of communities and different ethnic and social groups.





## GOAL IV

### DURING THE ELECTION CAMPAIGN, CITIZENS PROVIDED WITH OBJECTIVE AND IMPARTIAL INFORMATION

1

Improve the legislation on election coverage in media: provide the right to free debate, change the role of media as a subject, not just a campaigning platform, etc.

Decision-making authority: [Verkhovna Rada](#).

2

Prohibit or severely restrict election campaigning (political advertising) on television and radio.

Decision-making authority: [Verkhovna Rada](#).

3

Provide effective mechanisms for fighting unethical campaigning.

Decision-making authority: [Verkhovna Rada](#).



## GOAL V

### STRENGTHENED GUARANTEES OF MEDIA INDEPENDENCE AND PROTECTION OF HUMAN RIGHTS IN THE INFORMATION SECTOR

1

Harmonize the legislative provisions on exercising the right of reply to and refuting of the false information published in media.

Decision-making authority: [Verkhovna Rada](#).

2

Limit the period for filing claims for moral damages in defamatory cases.

Decision-making authority: [Verkhovna Rada](#).

3

Increase the rates/amount of court fee in cases against media to 10% of the claim amount.

Decision-making authority: [Verkhovna Rada](#).

4

Abolish the legislative provisions on the influence of the state agencies on media, in particular, the Law “On the Procedure of Covering the Activity of the State Agencies and Local Self-Government Bodies in Ukraine by Media” and the Law “On State Support of Media and Social Security of Journalists.”

Decision-making authority: [Verkhovna Rada](#).

5

Reinforce the legal mechanisms of access to public information through expanding the supervisory powers of the Ombudsman and specifying the provisions of the laws defining public information and its types.

Decision-making authority: [Verkhovna Rada](#).

6

Improve regulation of social advertising in order to prevent placement of political or commercial advertising under its guise.

Decision-making authority: [Verkhovna Rada](#).

7

Formalize legislatively the effective mechanisms to prevent hate speech in media.

Decision-making authority: [Verkhovna Rada](#).



## GOAL VI

### TRANSPARENT AND OPEN INFORMATION ABOUT THE MEDIA OWNERS

1

Ensure regular publication of information about the owners and ultimate beneficiaries of the television and radio broadcasters.

Decision-making authority: [National Council of Ukraine for Television and Radio Broadcasting](#).

2

Formalize legislatively transparency of media financing and de-offshorization of media property.

Decision-making authority: [Verkhovna Rada](#).

3

Eliminate legal gaps allowing to conceal media property.

Decision-making authority: [Verkhovna Rada](#).



# REFORM OF PUBLIC FINANCES

PROPOSALS PREPARED BY THE RPR EXPERT GROUP

## CIVIL SOCIETY ORGANIZATIONS

- Center for Political Studies and Analysis «Eidos»



## ISSUES TO BE RESOLVED BY THE REFORM

The inefficient use of state funds, according to employees of the financial departments of budgetary institutions amounts to 36%. One third of the public funds is used inefficiently, being mostly spent on financing activities that are not of strategic nature. The effectiveness of these activities is difficult to estimate due to their process orientation instead of commitment to achieving strategic objectives.

The reform of public finances is designed to ensure the effective use of state and local budgets on the basic principles of transparency, accountability and implementation of international best practices.

This aim can be reached by focusing on the quality planning of budget expenditures that will be aimed at achieving the strategic goals identified in the strategy «Ukraine 2020», the Coalition Agreement, the IMF Memorandum and other strategic documents, as well as on monitoring results.



## GOAL I

### THE STATE AND THE PUBLIC EFFECTIVELY CONTROL THE USE OF PUBLIC FUNDS

1

Select the members of the Accounting Chamber and launch its operation.

Decision-making authority: Verkhovna Rada.

2

Turn the State Audit Service into a tool for increasing the efficiency of public administration and the use of public funds.

Decision-making authority: Cabinet of Ministers, Ministry of Finance.

3

Increase the responsibility for the failure to abide by the legislation on the openness of the public funds use.

Decision-making authority: Verkhovna Rada.

4

Appoint the Ministry of Finance as the administrator of the single web-portal of public funds «E-data» and adopt a mechanism to monitor the implementation of the Law «On the Open Use of Public Funds».

Decision-making authority: Cabinet of Ministers, Ministry of Finance.



## GOAL II

### PUBLIC FUNDS ARE SPENT IN AN EFFECTIVE AND ACCOUNTABLE WAY WITH THE FOCUS ON ACHIEVING THE STRATEGIC OBJECTIVES OF THE STATE

- 1** Formalize legislatively the implementation of the three-year budget planning for more efficient use of public funds.  
*Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance.*
- 2** Draw up a draft State Budget for 2017, where funding will be provided exclusively for the programs of ministries and agencies that comply with their primary goal (only target costs).  
*Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance, central executive authorities.*
- 3** Formalize legislatively a quality budget process procedure, bring into conformity the terminology of the Budget Code and relevant government regulations.  
*Decision-making authority: Ministry of Finance.*
- 4** Carry out quality assessment of the fulfilment of budget programs of ministries and departments, particularly in terms of their achievement of key performance indicators identified in the budget programs.  
*Decision-making authority: Ministry of Finance, Accounting Chamber.*
- 5** Approve a new monitoring and reporting methodology for ministries and agencies with regard to achieving the key performance indicators of budgetary programs.  
*Decision-making authority: Ministry of Finance.*
- 6** Approve new effective rules of compiling budget programs and their reports that will change the approach to determining key performance indicators.  
*Decision-making authority: Ministry of Finance.*
- 7** Develop and adopt the basic principles of the budget policy for 2018–2020, prepare and approve the state budget for 2018–2020.  
*Decision-making authority: Verkhovna Rada, the Cabinet of Ministers, the Ministry of Finance.*



# HEALTHCARE SYSTEM REFORM

PROPOSALS PREPARED BY THE RPR EXPERT GROUP

## LEAD EXPERT



**Zoriana  
Chernenko**

## CIVIL SOCIETY ORGANIZATIONS

- Health Forum
- Advocacy center «Life»



## ISSUES TO BE RESOLVED BY THE REFORM

The healthcare system in Ukraine has not changed ever since the country gained independence in 1991. The authorities had neither interest nor motivation to change this sector. Today, Ukraine has an extensive system of healthcare establishments founded back in the Soviet times, which neglects real needs of the public in the sphere of healthcare, as well as international trends of modernization. Healthcare facilities in the form of budgetary institutions are limited in their activities and lack independence when making decisions on daily management and activities. Outdated infrastructure, low wages, and residual financing lead to a critical situation in the healthcare sector in Ukraine. As a result, the healthcare system is extremely inefficient. The public gets poor and often untimely medical assistance

despite the fact that a significant share of the state budget is allocated to the healthcare system. This problem especially affects the low-income citizens who cannot pay for their own treatment.

Neither patients, nor healthcare professionals have doubts about the necessity of the reform. The main objectives of the reform set by the Parliamentary healthcare committee and the Ministry of Healthcare of Ukraine are based on the common criteria – quality and affordability of medical care. The stand of the authorities on this issue raises no questions, whereas the ways to achieve these objectives are quite questionable, especially considering the fact that healthcare professionals and patients are not as involved in the process of changes as it should be.

Given the need of urgent changes in the healthcare system, implementation of mechanisms for the effective use of resources, activities of all branches of power should be open and consistent.



## GOAL I

**STATE-OWNED AND MUNICIPAL HEALTHCARE FACILITIES WITH A SUFFICIENT LEVEL OF AUTONOMY AND FUNDING PROVIDE MEDICAL SERVICES IN AN EFFICIENT AND AFFORDABLE MANNER**

1

Introduce new mechanisms of using budget funds to pay for medical care, change the procedure of distributing the funds between the healthcare establishments.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers.

2

Approve the guaranteed level/package of medical care financed out of the state budget, as well as the procedure of calculating its cost.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers.

- 3 Formalize legislatively the terms of autonomy of healthcare facilities and the timescale of autonomization, determine the methodology and the recommendations concerning reorientation of hospitals.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers.
- 4 Turn healthcare establishments into state-owned and municipal non-profit enterprises operating on the principles of autonomy and efficiency (both medical and economic).  
Decision-making authority: Cabinet of Ministers.
- 5 Finish the reform of emergency care by establishing central and regional control centers, ensure gradual upgrade of the vehicle fleet.  
Decision-making authority: Cabinet of Ministers.
- 6 Review the state programs in healthcare in order to ensure effective use of funds.  
Decision-making authority: Cabinet of Ministers.
- 7 Develop a unified license for all the healthcare establishments with the right to administer drugs.  
Decision-making authority: Cabinet of Ministers.
- 8 Approve technical requirements for using information technologies in the sphere of healthcare to protect information. Create conditions for introducing electronic medical cards.  
Decision-making authority: Cabinet of Ministers.
- 9 Introduce a transparent procedure of recruitment to the state-owned and municipal healthcare establishments with a centralized electronic jobs database.  
Decision-making authority: Cabinet of Ministers.
- 10 Approve the procedure of queuing for medical treatment in the state-owned and municipal healthcare establishments.  
Decision-making authority: Cabinet of Ministers.
- 11 Conduct an audit of the state-owned establishments, enterprises, and institutions subordinate to the Ministry of Healthcare, an audit of medical equipment, and a census of healthcare professionals by specializations.  
Decision-making authority: Cabinet of Ministers.



## GOAL II

## AFFORDABLE MEDICAL PRODUCTS OF EUROPEAN QUALITY

- 1 Adopt regulations on medical products in accordance with the principles of the EU.  
Decision-making authority: Cabinet of Ministers.
- 2 Obligate the agencies assessing conformity with technical regulations to check the medical products as efficiently as the relevant notified bodies of the EU do.  
Decision-making authority: Cabinet of Ministers.
- 3 Streamline and simplify the procedure of assessing conformity of those medical products which have undergone relevant certification in the EU.  
Decision-making authority: Cabinet of Ministers.
- 4 Sign an Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA) with the EU concerning medical products as a primary mechanism for removing technical barriers to trade.  
Decision-making authority: Cabinet of Ministers.



## GOAL III

### HIGH-QUALITY MEDICAL CARE

Identify mechanisms, sources, and forms of payment to the healthcare professionals providing primary care. Simplify the requirements for obtaining a license for the doctors providing primary care and approve the form of a service agreement between them and the state.

1

Reduce requirements for technical support of the facilities providing primary care.

Establish a network of state-owned laboratories to provide the guaranteed package of diagnostic tests, determine the procedure for concluding contracts with the private network of laboratories.

Decision-making authority: Cabinet of Ministers.

2

Introduce reference pricing for medicines. Introduce the system of reimbursement for medicines procured under state programs. Approve a National list of essential medicines.

Decision-making authority: Cabinet of Ministers.

3

Introduce a system of analysis and reporting of medical errors. Ratify the Convention on the Protection of Human Rights and Dignity of the Human Being with regard to the application of biology and medicine.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers.

4

Implement new approaches to undergraduate and postgraduate medical education, adopt a standard of medical education.

Decision-making authority: Cabinet of Ministers.

5

Approve the unified clinical treatment protocols, simplifying the procedure of developing and approving protocols. Introduce international expertise of protocols.

Decision-making authority: Cabinet of Ministers.

6

Abolish the offices of external principal specialists, giving their powers over to the professional associations.

Decision-making authority: Cabinet of Ministers.

7

Abolish the categories of healthcare professionals, introducing instead the bonuses for the work performed.

Decision-making authority: Cabinet of Ministers.



## GOAL IV

### PUBLIC CONTROLS THE ACTIVITY OF HEALTHCARE ESTABLISHMENTS

1

Formalize legislatively public control over the observance of rights of patients and healthcare professionals by establishing supervisory boards in healthcare facilities.

Decision-making authority: Cabinet of Ministers.

2

Develop and adopt a standard procedure of setting up supervisory boards at the healthcare facilities and to determine their powers.

Decision-making authority: Cabinet of Ministers.

3

Approve a standard procedure of electing the management of healthcare facilities on a competitive basis with the participation of the public.

Decision-making authority: Cabinet of Ministers.

4

Approve a transparent procedure of referring the patients for medical treatment abroad at public expense.

Decision-making authority: Cabinet of Ministers.



## GOAL V

### NEW SYSTEM OF PUBLIC HEALTH

- 1 Develop and adopt new mechanisms of funding the system of public health.  
Decision-making authority: Cabinet of Ministers.
- 2 Formalize legislatively the powers and the activity of public health centers. Determine the procedure of inspecting public health enterprises and establishments.  
Decision-making authority: Cabinet of Ministers.
- 3 Introduce the system of raising awareness of healthy lifestyle and its economic support.  
Decision-making authority: Cabinet of Ministers.
- 4 Formalize legislatively protection of public health from the harmful effects of tobacco.  
Decision-making authority: Verkhovna Rada.
- 5 Establish the standards of quality and safety of blood, tissues, cells and organs, and non-infectious diseases in accordance with the EU Directives.  
Decision-making authority: Cabinet of Ministers.
- 6 Eliminate conflict of laws as to mandatory preventive vaccinations.  
Decision-making authority: Verkhovna Rada.
- 7 Develop a system of training of public health professionals. Establish public health as a multidisciplinary education specialty.



## GOAL VI

### PROFESSIONAL SELF-GOVERNMENT IN THE HEALTHCARE SYSTEM INTRODUCED

- 1 Engage professional organizations to the process of formation and approval of educational standards, treatment protocols, and other documents related to medical practice.  
Decision-making authority: Cabinet of Ministers.
- 2 Engage professional organizations to the analysis of complaints about the activity of the healthcare establishments and healthcare professionals.  
Decision-making authority: Cabinet of Ministers.
- 3 Introduce professional self-government in dentistry.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers.





# EDUCATIONAL REFORM

PROPOSALS PREPARED BY THE RPR EXPERT GROUP

LEAD EXPERT



**Volodymyr  
Bakhrushyn**

CIVIL SOCIETY  
ORGANIZATIONS

Ukrainian Science Club



## ISSUES TO BE RESOLVED BY THE REFORM

For years, the Ukrainian education system has been on the downward path. Due to non-competitive labour conditions, it is not school-leavers with the best grades who enroll into the teaching schools. And later the best graduates do not come to secondary schools to teach. A large proportion of these newly qualified teachers lack the necessary knowledge and skills and are unable to make the process of learning interesting and useful for students. Similar processes occur in vocational and higher education. For many years, laboratory facilities in the educational institutions have not been upgraded. There is a yawning gap between the content of education and the needs of the society and the economy. Due to excessive regulation, it

is impossible to use modern teaching methods and advanced technologies effectively. A significant number of students and teachers do not learn, do not teach, but just serve their time.

The result is gradual deterioration of human potential and competitiveness of the state. Ukraine loses its ability to develop and use modern technologies and equipment or to boost high-tech industries which ensure sustainable development and a high level of GDP in the developed countries.

Ukraine has conflicting laws and excessive regulation of many educational and administrative processes which contributes to corruption and leads to inefficient education and diversion of students' attention towards tons of unnecessary papers. Under the conditions of a chronic budget deficit, there is a growing threat that the state might fail to ensure the constitutional right of certain categories of citizens to access to high-quality education.

The strategic objective of the educational reform is gradual development of a modern and competitive educational system in Ukraine.



## GOAL I

### HIGH-QUALITY, MODERN, AND AFFORDABLE SECONDARY, PRE-SCHOOL, AND OUT-OF-SCHOOL EDUCATION

1

Provide regulatory support for the introduction of a 12-year secondary education at the levels of primary and specialized schools starting from 2018.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Education and Science.

2

Provide regulatory support for the implementation of the civil right to affordable and high-quality pre-school, secondary, and out-of-school education (educational districts).

Decision-making authority: Cabinet of Ministers, Ministry of Education and Science.

3

Update the procedure and the forms of the state final certification of graduates of secondary schools including external independent assessment of their key competencies.

Decision-making authority: Ministry of Education and Science.

4

Provide regulatory support for the development of a network of pre-school family-type establishments and other types of day-care centers according to public needs.

Decision-making authority: Cabinet of Ministers, Ministry of Education and Science.

5

Provide regulatory support for high-quality training and continuous development of teachers.

Decision-making authority: Cabinet of Ministers, Ministry of Education and Science.

6

Formalize legislatively the parents' right to choose an educational establishment and a form of education at their own discretion, as well as the right of educational establishments to choose teaching methods.

Decision-making authority: Verkhovna Rada.

7

Determine the terms and the procedures of teachers' certification.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Education and Science.

8

Update the Licensing terms for educational activities in the sphere of pre-school, secondary, and out-of-school education.

Decision-making authority: Cabinet of Ministers, Ministry of Education and Science.



## GOAL II

### HIGH-QUALITY, MODERN, AND AFFORDABLE HIGHER EDUCATION AND VOCATIONAL EDUCATION

1

Specify the requirements for membership in and the procedure of formation of the National Agency for Quality Assurance in Higher Education and establish this Agency.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Education and Science.

2

Develop and adopt new standards of higher education for the educational levels of «bachelor», «master», and «doctor of philosophy».

Decision-making authority: Ministry of Education and Science.

3

Harmonize the Licensing terms for educational activities with the Law of Ukraine «On Higher Education» and «On Licensing of Economic Activity».

Decision-making authority: Cabinet of Ministers, Ministry of Education and Science.

4

Abolish legislative regulations hampering academic mobility of teachers and students.

Decision-making authority: Verkhovna Rada, Ministry of Education and Science.

5

Determine the procedure of formation of regional demand for the professionals trained in vocational schools.

Decision-making authority: Cabinet of Ministers, Ministry of Education and Science.



## GOAL III

### EFFECTIVE PUBLIC POLICY, MANAGEMENT, AND FINANCING IN THE EDUCATIONAL SYSTEM

1

Update basic legal regulation in the sphere of higher, vocational, and secondary education according to the present-day conditions and needs.

Decision-making authority: Verkhovna Rada.

2

Develop and approve strategic documents in the sphere of education: the Educational Reforms Roadmap, the Strategy of Higher Education Development – 2025, and the Concept of Secondary Schooling Reform.

Decision-making authority: Cabinet of Ministers, Ministry of Education and Science.

3

Provide for financial and organizational autonomy of educational establishments.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Education and Science.

4

Formalize legislatively the functioning of the Unified State Electronic Database on Education (USEDE), determine the rights and the relations between the information requesters, data owners, and technical administrators of the USEDE.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Education and Science.

5

Delineate the powers on management and control in educational establishments, provide an effective mechanism of public control over the quality of educational services.

Decision-making authority: Cabinet of Ministers, Ministry of Education and Science.

6

Determine the methodology of calculating the cost of educational services in the sphere of education, taking into account the need to meet the educational standards and licensing terms.

Decision-making authority: Cabinet of Ministers, Ministry of Education and Science.

7

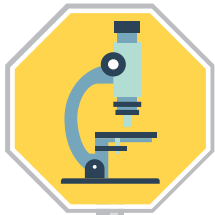
Update governmental construction norms related to the educational establishments in line with the present-day conditions and needs, taking into account energy efficiency norms.

Decision-making authority: Cabinet of Ministers, Ministry of Education and Science, Ministry of Regional Development.

8

Develop and adopt a system of indicators of the status of education at the national and regional levels, formalize legislatively open data on key educational indicators and performance of educational establishments and authorities at all levels.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Education and Science.



# REFORM IN THE SPHERE OF SCIENCE AND RESEARCH

PROPOSALS PREPARED BY THE RPR EXPERT GROUP

LEAD EXPERT



Nataliya Shulga

CIVIL SOCIETY ORGANIZATIONS

Ukrainian Science Club



## ISSUES TO BE RESOLVED BY THE REFORM

According to the worldwide database «Scopus», over the previous 20 years, Ukraine has moved from the 27th to the 47th position in the world ranking in terms of the scope and quality of scientific production. During those years, more than 200 thousand the most motivated and best educated young and mature scientists have left Ukraine to contribute to research institutions in different countries of the world with their achievements, which generated a significant scientific Ukrainian diaspora. Concurrently, there has been a drastic decrease in funding of science from the state budget without any compensatory investment on the part of business. The country's leadership often consists of

people who questioned the very need to develop science and world level education. Therefore, the trust, respect and prestige of scientists were gradually lost. This situation has influenced the development of secondary education, resulting in the rapid deterioration in the human potential and, consequently, the overall intellectual capacity and competitiveness of the country due to lack of new technologies and highly profitable production, as well as in overall economic decline.

Reform in the sphere of science is aimed at putting an end to the isolation and stagnation in research, creating conditions for the growth of demand for quality training of researchers and quality engineering projects in the field of basic and applied sciences, bridging the gap between research and implementation of its results, integrating the higher education and science of Ukraine into the education and research environment of the European Union.



## GOAL I

SCIENCE IS FINANCED ON A TRANSPARENT AND COMPETITIVE BASIS

1

Identify the organizational form and internal structure of the National Research Foundation. Select and appoint the Directorate members and heads of departments, as well as recruit the staff.  
Decision-making authority: Cabinet of Ministers, Ministry of Education and Science.

2

Determine the procedure of competitive selection and financing for projects of the National Research Foundation. Ensure the adequate conditions for involvement of international experts in the selection of competitive projects.  
Decision-making authority: Cabinet of Ministers, Ministry of Education and Science.

3

Approve the work plan of the National Research Foundation and hold the first competition in the second quarter of 2017.  
Decision-making authority: Ministry of Education and Science, National Research Foundation.

- 4 Provide for the basic funding of research institutions at 0.5% of GDP and competition financing at 1% for 3 years.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Education and Science.
- 5 Ensure legislatively proper protection of intellectual property rights and support for innovation, as well as attraction of extra-budgetary funds from internal and external sources.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Education and Science.



## GOAL II

### SCIENCE POLICY IS FORMED INVOLVING STAKEHOLDERS FROM THE SCIENTIFIC COMMUNITY, AUTHORITIES AND THE REAL ECONOMY

- 1 Approve the governmental provision on the National Council for Science and Technology Development.  
Decision-making authority: Cabinet of Ministers, Ministry of Education and Science.
- 2 Establish in 2016 the Identification Committee of the National Council for Science and Technology Development involving foreign experts.  
Decision-making authority: Ministry of Education and Science.
- 3 Develop and adopt a Science Development Strategy — 2025 and a Roadmap of Science Reform.  
Decision-making authority: Cabinet of Ministers, Ministry of Education and Science.
- 4 Select members of the Scientific Committee of the National Council for Science and Technology Development on the competitive basis.  
Decision-making authority: Cabinet of Ministers, Ministry of Education and Science.
- 5 Establish in 2016 the Scientific and Administrative Committees of the National Council for Science and Technology Development, select their executive staff and launch the work of the body.  
Decision-making authority: Cabinet of Ministers, Ministry of Education and Science.
- 6 Develop proposals to the budget as to funding science for 2017, which should also provide for funding for the National Council for Science and Technology Development and the National Research Foundation.  
Decision-making authority: Ministry of Education and Science.



## GOAL III

### A NEW QUALITY OF RESEARCH IN UKRAINE

- 1 Conduct internal and external audits of science in Ukraine in 2016. Use the audit results for implementation of a well-grounded science and research reorganization.  
Decision-making authority: Cabinet of Ministers, Ministry of Education and Science.
- 2 Formulate the basic principles of scientific and technical expertise, as well as methods and principles of expert selection. Adopt new criteria for evaluating the quality of research and research processes in higher education organization and scientific institutions.  
Decision-making authority: Cabinet of Ministers, Ministry of Education and Science.
- 3 Create a framework for the development of national research infrastructures and a network of State Key Laboratories, as well as their integration into the network of European research infrastructures.  
Decision-making authority: Cabinet of Ministers, Ministry of Education and Science.
- 4 Approve the procedure of joining the European Research Infrastructure Consortium (ERIC) and give consent for Ukraine to be bound by the international treaty.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Education and Science.

5

Cancel the legislative provisions that hamper the academic mobility of university faculty and students, procurement of supply, reagents and equipment for research from foreign manufacturers, especially in the field of biomedical research and life sciences.

Decision-making authority: [Verkhovna Rada](#).

6

Introduce real academic, organizational and financial autonomy of higher education institutions in line with the provisions of the Law «On Higher Education».

Decision-making authority: [Cabinet of Ministers, Ministry of Education and Science](#).

7

Develop and adopt new requirements for the state order for training researchers in academic education institutions.

Decision-making authority: [Cabinet of Ministers, Ministry of Education and Science](#).

8

Bring the statutes of higher education institutions in conformity with the articles of the Law «On Higher Education» with regard to academic integrity.

Decision-making authority: [Ministry of Education and Science](#).



# CULTURAL POLICY

PROPOSALS PREPARED BY THE RPR EXPERT GROUP

LEAD EXPERT



Nataliya  
Kryvda

CIVIL SOCIETY  
ORGANIZATIONS

- Cultural Assembly
- Ukrainian Archaeologists Union
- Congress of Cultural Activists



## ISSUES TO BE RESOLVED BY THE REFORM

The sphere of culture in Ukraine has not undergone any fundamental changes since independence. For the government, it still remains a field of minor importance. Such short-sighted policy results in the government “investing” the limited funds and limited human resources in the maximum containment of social development and maintaining a closed, quasi-aristocratic way of culture perception and consumption instead of promoting a democratic, participatory and open one. The level of cultural competence and cultural practices of Ukrainians is considerably lower than that of European residents, which adversely affects the efficiency of labour and social adaptability of the population, resulting in susceptibility to political and other manipulation, as well as reduced public conscience.

The network of cultural institutions, remaining from Soviet times, is not used as a tool to spread new senses. It has not been mapped, neither has its technical and human potential been assessed. These institutions have not been transformed into local community information and cultural centers.

Little attention is paid to the protection of cultural heritage, which is the property of Ukrainian people and an integral part of the European and universal cultural heritage. There is no systematic approach to the registration, protection and use of rich and diverse historical and cultural heritage of our state. As a result, the cultural heritage is being ruined, becoming an object of abuse and corruption.

Culture is seen as a realm that develops on its own and needs no support, as the realm of something entertaining, optional and often redundant; therefore, neutralizing the capacity of culture as an instrument of reconciliation, innovation, acquisition of knowledge and competencies, and channel of communication with other audiences. Moreover, culture is not seen as part of the economy, the economic and innovative potential of cultural and creative industries is disregarded as well as the gradual transition of some cultural practices from the subsidized to profitable area.

The values orientation acquired in the days of authoritarian and paternalistic society hampers reforms. The cultural policy should be used as the meaningful basis for the process of reforming Ukrainian society. The inclusion of culture in all political and state development and reform programs should become a standard practice.

The reform priorities are aimed at transition from the rigid hierarchical, centralized model and command control mode in culture to a horizontal, participatory model, to a model of open access that includes: building the capacity of an individual (through diverse forms of education) as well as the capacity of public institutions; active involvement of the professional community (experts) in the discussion and decision-making; transparency of decision-making and accountability of those who take these decisions; a system of relations in society based on the principles of open access. Open access implies fair equal opportunities in access to services or resources; competition of competence and professionalism rather than privilege, patronage and corruption; struggle for the favour of consumers rather than that of authorities.



## GOAL I

### INCLUSIVE AND EFFECTIVE GOVERNANCE IN CULTURE

1

Formalize legislatively the basic directions of cultural policy, and include cultural priorities in public development and reform programs.

Decision-making authority: Verkhovna Rada.

2

Reorganize the Ministry of Culture; in particular, create the following departments: of strategic planning, promotion of culture, national memorial days, creative industries, safety of cultural heritage in emergency situations. Ensure effective horizontal cooperation among all the departments of the Ministry of Culture.

Decision-making authority: Ministry of Culture.

3

Create an advisory Minister's Council through the election procedure where candidates are nominated and elected by professional NGOs, creative unions and cultural organizations representing both the public and private sectors.

Decision-making authority: Ministry of Culture.

4

Continuously monitor the appointment of the heads of cultural institutions implemented on the competitive basis.

Decision-making authority: Ministry of Culture.



## GOAL II

### CREATING A LEGAL FRAMEWORK FOR THE IMPLEMENTATION OF A COMMUNITY FOCUSED ACTIVITY MODEL FOR PUBLIC AND PRIVATE CULTURAL INSTITUTIONS

1

Establish the Ukrainian Cultural Foundation.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Culture.

2

Introduce tax and fiscal incentives for art patronage and other charitable activities.

Decision-making authority: Verkhovna Rada.

3

Expand opportunities for cultural consumption, particularly through social standards: include costs for cultural needs in the minimum consumer basket.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Culture.

4

Provide legislatively for the transparency of collective management organizations, especially the transparency in collecting and distributing rewards.

Decision-making authority: Verkhovna Rada.



## GOAL III

### HIGH-QUALITY AND ACCESSIBLE PROFESSIONAL, ART AND CULTURAL STUDIES EDUCATION

1

Implement a program of special communicative and educational activities in the regions.

Decision-making authority: Ministry of Culture.

2

Increase the institutional capacity of cultural institutions of all forms of ownership through educational programs on the «equal-to-equal» basis.

Decision-making authority: Ministry of Culture.





## GOAL IV

### DEVELOPED EDUCATION, INNOVATION AND COMMUNICATION POTENTIAL OF CULTURE

- 1 Implement expert assessment and audit of the basic network of cultural institutions in order to increase its capacity.  
Decision-making authority: Ministry of Culture.
- 2 Develop a common model of local cultural institutions within the decentralization framework.  
Decision-making authority: Cabinet of Ministers, Ministry of Culture.
- 3 Embark on compiling and making public electronic registers of movable and immovable cultural heritage.  
Decision-making authority: Ministry of Culture.
- 4 Ensure legislatively proper protection of cultural heritage.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Culture.
- 5 Implement effective approaches to the promotion of Ukrainian culture abroad, specifically via the mechanism of support for the most capable players ready to represent Ukrainian culture abroad.  
Decision-making authority: Cabinet of Ministers, Ministry of Culture.
- 6 Implement a professional and transparent strategic planning of the development of cultural and creative industries. Provide legal support for the reform of the national film industry, the market of film (audio-visual) products and theatrical business.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Culture.



## GOAL V

### REINFORCING THE ROLE OF CULTURE AS A FACTOR OF MUTUAL UNDERSTANDING IN SOCIETY

- 1 Create within the Ministry of Culture a support program for professional exchanges within Ukraine in order to establish trust and understanding between different regions of Ukraine.  
Decision-making authority: Cabinet of Ministers, Ministry of Culture.
- 2 Create within the Ministry of Culture an operational support program for cultural initiatives aimed at a dialogue and cooperation among the regions of Ukraine.  
Decision-making authority: Cabinet of Ministers, Ministry of Culture.
- 3 Support the restoration of cultural heritage and conducting cultural events in areas affected by the armed conflict, which will make it possible for the affected communities to restore their sense of dignity and a normal life, using the universal language of art. Include cultural context in the initiatives for conflict resolution and peace-building processes.  
Decision-making authority: Cabinet of Ministers, Ministry of Culture.



# YOUTH POLICY

PROPOSALS PREPARED BY THE RPR EXPERT GROUP

LEAD EXPERT



Yuriy Yuzych

CIVIL SOCIETY  
ORGANIZATIONS

- PLAST — National Scout Organization of Ukraine
- Foundation of Regional Initiatives
- Youth Nationalist Congress
- Ukrainian Youth Association of Ukraine



## ISSUES TO BE RESOLVED BY THE REFORM

The involvement of youth in the national social and political life, as well as in shaping the policies dealing with its problems remains rather low. Every national election manifests a record decline in youth turnout – the most recent was at 40%. In addition, researchers observe the unsystematic nature of young people's public stance shaping, and their lack of integration into the European

and global youth community. Other factors that leave much to be desired include the level of practical knowledge and skills of young professionals, the level of youth employment in the chosen profession, the pace of entrepreneurship development among young people.

Only 2% of Ukrainian youth are members of youth organizations and 6% attend events organized by them. Only 5% of young people have been involved in the discussion of draft laws at the state or local levels.

The national youth policy should be aimed at developing civil society with the active participation of young people, increasing their involvement in social life.



## GOAL I

YOUTH POLICY CONDUCTED INVOLVING YOUNG PEOPLE  
AND IN COMPLIANCE WITH EUROPEAN STANDARDS

1

Introduce the principles of the European Charter on the Participation of Young People in national youth policy and governmental support of youth initiatives through the adoption of the Law «On Youth».  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Youth.

2

Recognize legislatively civic and informal education.  
Decision-making authority: Verkhovna Rada.

3

Extend the legal opportunities for volunteering in Ukraine.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers.

4

Start developing a network of youth centres across the country according to the basic criteria of the quality assurance requirements of the Council of Europe and national quality standards.  
Decision-making authority: Ministry of Youth, Cabinet of Ministers.



## GOAL II

### INCREASED EFFICIENCY OF THE CIVIC EDUCATION OF YOUNG PEOPLE (NATIONAL PATRIOTIC EDUCATION)

- 1** Start funding civil society organizations' projects on a competitive basis by the Ministry of Defence and the Ministry of Education, implement the audit of competitions in other ministries.  
Decision-making authority: Cabinet of Ministers, Ministry of Education, Ministry of Defence.
- 2** Approve the National Targeted Social Programme of National Patriotic Education.  
Decision-making authority: Cabinet of Ministers, Ministry of Youth.
- 3** Establish a state agency equipped with adequate legal mechanisms to coordinate projects in the field of national and patriotic education and activities of other public authorities, as well as to monitor and control the quality of their implementation.  
Decision-making authority: Cabinet of Ministers, Ministry of Youth, Ministry of Education.
- 4** Simplify the sanitary requirements for summer camps.  
Decision-making authority: Cabinet of Ministers, Ministry of Health, Ministry of Social Affairs.
- 5** Enforce legislatively the principle of «money follows the child» in the rehabilitation and recreation for children, enhance the meaningful content of the work of camps and training leaders/counsellors.  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Social Policy.
- 6** Develop a Concept of Reforming Informal Education that would take into account the principle of «money follows the child».  
Decision-making authority: Cabinet of Ministers, Ministry of Education.
- 7** Continue developing the system of training student self-government leaders «Youth Worker»  
Decision-making authority: Cabinet of Ministers, Ministry of Youth.
- 8** Adopt a new Concept of the Military Patriotic Education of Youth.  
Decision-making authority: Presidential Administration, Cabinet of Ministers, Ministry of Youth.
- 9** Implement an annual nationwide sociological survey of the value orientation of youth.  
Decision-making authority: Ministry of Youth.



## GOAL III

### TRANSPARENT AND EFFICIENT YOUTH POLICY FINANCING

- 1** Change the principle of grants of the President of Ukraine for talented youth by establishing a public competition and directing funds to address specific problems of youth.  
Decision-making authority: Presidential Administration, Ministry of Youth.
- 2** Allocate targeted funds among regional (oblast) youth administrations on a transparent and competitive basis, always involving reputable youth or civil society organizations working with young people.  
Decision-making authority: Ministry of Youth and Sports.
- 3** Develop international youth mobility, especially youth exchanges with Poland and Lithuania.  
Decision-making authority: Ministry of Youth and Sports, Ministry of Finance.
- 4** Carry out regular events to present opportunities granted by European and other programs for young people under the auspices of the ministry and regional administrations.  
Decision-making authority: Ministry of Youth and Sports.

5

Ensure legislatively favourable conditions for the development of the SMS charity in Ukraine.

Decision-making authority: Verkhovna Rada.

6

Introduce a mechanism of common (involving the public) monitoring of the reformed tools of financial assistance for youth policy, i.e. calls for proposals, government awards, etc.

Decision-making authority: Ministry of Youth and Sports.



## GOAL IV

### THE STATE SUPPORTS THE INSTITUTIONAL DEVELOPMENT OF YOUTH ORGANIZATIONS

1

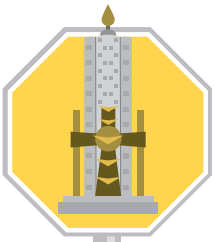
Implement a call for proposals aimed at the institutional support of national youth organizations, with the possibility to use up to 20% as administrative costs.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Finance, Ministry of Youth and Sports.

2

Create a legal framework for the development of “percentage philanthropy” for the work of civil and charitable organizations.

Decision-making authority: Verkhovna Rada, Ministry of Finance.



# NATIONAL MEMORY POLICY

PROPOSALS PREPARED BY THE RPR EXPERT GROUP

## LEAD EXPERT



**Igor  
Rozkladai**

## CIVIL SOCIETY ORGANIZATIONS

● Centre for Research on the Liberation Movement



## ISSUES TO BE RESOLVED BY THE REFORM

One of the most important reforms in the humanitarian sector in Central and Eastern European countries that have been through totalitarian past was designed to build public immunity against human rights violations. This is the reason for implementing the national memory policy.

Totalitarian regimes destroy national identity, distort the structure of society, suppress the individuality, and undermine human rights; hence, overcoming the consequences of totalitarianism is one of the key tasks of the democratic transformation. Therefore, the realisation of Ukraine's European perspectives involves a set of measures to prevent attempts to bring back totalitarian practices.

First of all, it is important to restore the rights of all victims of the totalitarian communist regime.

Another important goal is to preserve the memory of the totalitarianism itself, its practices, as well as the liberation movement that fought against it, including the contemporary experience of fighting for one's rights (Maidans).

It is necessary to implement de-communization of commemorative practices, to re-introduce in the public historical narrative the names and events that were censored, distorted or classified as secret by the communist propaganda, as well as to honour fighters for Ukraine's independence. So far, there is no single established approach to determining the annual calendar of public events and key dates, therefore, the formation of a coherent national memory policy calls for the legislative settlement of an official holiday calendar.

Another important area is the language policy. The first stage of reform should involve the implementation of detailed analysis to identify key challenges and problems.

The success of de-communisation and democratization of power structures and their further development based on European principles requires the timely enforcement of the Law of Ukraine "On Access to the Archives of the Repressive Bodies of the Totalitarian Communist Regime of 1917–1991"; in particular, with regard to generating the Archive of the Ukrainian Institute of National Memory and moving there the archives of the institutions of power devoid of archival functions.

The general Ukrainian legislation on archives and archive-keeping needs to be updated, taking into account the key principles of open access to retrospective information.



## GOAL I

### FREE ACCESS TO ARCHIVES, INCLUDING DOCUMENTS OF THE SOVIET REPRESSIVE BODIES OF 1917–1991

1

Create the Archive of the Ukrainian Institute of National Memory and provide for its work.  
Decision-making authority: Cabinet of Ministers, Ukrainian Institute of National Memory.

2

Transfer documents of the repressive bodies to the Archive of the Ukrainian Institute of National Memory.  
Decision-making authority: Cabinet of Ministers, Ukrainian Institute of National Memory.

3

Update the general archival legislation in accordance with the innovations of the Law «On Public Access to the Archives of the Repressive Bodies of the Soviet Union».  
Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ukrainian Institute of National Memory.



## GOAL II

### PRESERVATION OF MEMORY OF THE STRUGGLE AGAINST TOTALITARIANISM AND ITS REPRESSIVE METHODS

1

Create the Maidan Museum (Museum of Freedom) and provide for its work.  
Decision-making authority: Cabinet of Ministers, Ukrainian Institute of National Memory.

2

Ensure the preservation of the memory of totalitarian repressive practices by creating appropriate totalitarianism museums (museums of occupation).  
Decision-making authority: Cabinet of Ministers, Ukrainian Institute of National Memory.



## GOAL III

### RESTORED RIGHTS OF COMMUNIST REPRESSION VICTIMS

1

Update the legislation on rehabilitation of victims of political repression.  
Decision-making authority: Verkhovna Rada, Ukrainian Institute of National Memory.

2

Form commissions on rehabilitation at the local level and provide for their work.  
Decision-making authority: Cabinet of Ministers, Ukrainian Institute of National Memory.



## GOAL IV

### COHERENT NATIONAL POLICY CONCERNING OFFICIAL HOLIDAYS

1

Resolve the issue of official holidays at the level of legislation.  
Decision-making authority: Verkhovna Rada, Ukrainian Institute of National Memory.



## GOAL V

### LAUNCH OF THE LANGUAGE POLICY REFORM

1

Conduct a comprehensive study of the key challenges and problems of the national language policy.



# ENVIRONMENTAL PROTECTION AND SUSTAINABLE DEVELOPMENT

PROPOSALS PREPARED BY THE RPR EXPERT GROUP

## LEAD EXPERT



**Dmytro  
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## CIVIL SOCIETY ORGANIZATIONS

- Bureau of Environmental Investigation
- Environment People Law
- MAMA-86



## ISSUES TO BE RESOLVED BY THE REFORM

The environment in Ukraine is extensively exploited without any planning and recovery. According to the World Health Organization, every 15 minutes five people die in Ukraine because of the poor environmental conditions, seven people are registered as terminally ill as a result of soil, drinking water, and air contamination. By 2050, the population will decrease by 4 million people (to 39 million), while the pessimistic scenario envisages a decrease by as many as 15 million people (to 28 million people).

This puts the sustained economic growth in Ukraine under threat, since the inefficient use of natural resources has a negative impact on the economic growth. This is due to corruption, unbalanced use of natural resources and lack of financial mechanisms for implementing reforms. According to the World Economic Forum, Ukraine ranks 77th out of 144 countries evaluated when drawing up the Global Competitiveness Index. No decoupling effect is observed in Ukraine (i.e. economic growth not accompanied

by increased negative environmental impact). Ukraine ranks 44th in the Environmental Performance Index (EPI).

The system of environmental protection in the country is grappling with the consequences, meanwhile lacking a strategic vision of environmental preservation and sustainable use of natural resources in the present and in the future. There are neither environmental standards, nor a system of agencies responsible for the safe condition of the environment, sustainable development and conservation of the environment for future generations.

The legislation contains no clear-cut evaluation criteria for achieving safe environmental conditions and objectives of sustainable economic development. The low efficiency of the environmental management makes it possible to plunder and pollute natural resources – forests, minerals, water, soil and air – with impunity.

There is no objective and reliable information on the environmental condition. Both supervision and control are vested in one body. No agency is responsible for a failure to perform its functions. There are no supervision and accountability mechanisms for officials involving the inevitability of punishment for deterioration of the environment.



## GOAL I

### THE INEVITABILITY OF RESPONSIBILITY FOR VIOLATIONS IN THE FIELD OF ENVIRONMENTAL PROTECTION AND ENFORCEMENT OF ENVIRONMENTAL LEGISLATION

1

Reduce the frequency of checks on compliance with environmental legislation, at the same time increasing their effectiveness based on the principle of «quality, rather than quantity».

Decision-making authority: Cabinet of Ministers, Ministry of Environment and Natural Resources.



2

Reinforce the regulations governing the liability for environmental offenses.

Decision-making authority: Verkhovna Rada.

3

Introduce an effective transparent accountable system of environmental taxes and charges.

Decision-making authority: Verkhovna Rada.



## GOAL II

### SUSTAINABLE USE OF NATURAL RESOURCES AND DEVELOPMENT

1

Formalize legislatively the implementation of the five-stage waste hierarchy.

Decision-making authority: Verkhovna Rada.

2

Formalize legislatively the implementation of an integrated approach to water resource management based on the river basin principle.

Decision-making authority: Verkhovna Rada.

3

Implement the European standards for the protection of wild birds and conservation of natural habitats of wild flora and fauna.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, Ministry of Environment and Natural Resources.

4

Formalize legislatively the mechanisms of preservation and restoration of forests and protection of biodiversity from the unchecked impact of genetically modified organisms.

Decision-making authority: Verkhovna Rada.



## GOAL III

### TRANSPARENT AND ACCOUNTABLE MANAGEMENT SYSTEM IN THE AREA OF ENVIRONMENTAL PROTECTION AND SUSTAINABLE USE OF NATURAL RESOURCES

1

Update the fundamental principles (strategy) of the state environmental policy and adopt the National Action Plan — 2020.

Decision-making authority: Cabinet of Ministers, Ministry of Environment and Natural Resources.

2

Formalize legislatively the European standards of environmental impact evaluation.

Decision-making authority: Verkhovna Rada.

3

Formalize legislatively the application of strategic environmental assessment when preparing state programs.

Decision-making authority: Verkhovna Rada.

4

Formalize legislatively the functioning of the electronic system of environmental information (permissions, reports, inspections) for the authorities and the public, to create and launch its work.

Decision-making authority: Verkhovna Rada.

5

Formalize legislatively an integrated authorization mechanism for regulation, prevention and control of environmental pollution.

Decision-making authority: Verkhovna Rada.

6

Introduce a unified state classification in the sphere of environmental protection taking into account the classifications used in the EU.

Decision-making authority: Cabinet of Ministers, Ministry of Environment and Natural Resources.

7

Create and launch the National Nature Conservation Foundation.

Decision-making authority: Cabinet of Ministers, Ministry of Environment and Natural Resources.



# E-GOVERNANCE

PROPOSALS PREPARED BY THE RPR EXPERT GROUP

LEAD EXPERT



Oleh  
Levchenko



## ISSUES TO BE RESOLVED BY THE REFORM

In Ukraine, as in most countries, the process of introducing E-Governance is multi-vector, i.e. it is initiated both from «above» at the level of central executive bodies and from «below» at the level of municipalities. Studies show that most cities currently have specific experience in this area that can be extrapolated to the national level as the best practice. Despite the difficult socio-political situation in Ukraine, local authorities continue modernization processes, using the tools of E-Governance more widely and efficiently. This includes updating official websites of local councils, developing electronic reception offices of mayors and deputies, introducing electronic services, electronic document management systems etc. There is some progress at the national level too, for instance, the first electronic administrative services have

been launched, the accessibility of information is increasing due to the introduction of the open data system, the system of interagency electronic interaction is being prepared for introduction, etc. However, this process is still chaotic and uneven — every city has its way, introducing the tools and systems that it deems fit. At the national level, we still lack a clear-cut vision of a single comprehensive implementation and development of E-Governance.

In addition, to introduce E-Governance it is necessary to resolve such important issues as standardization of electronic administrative services, introduction of electronic identification of individuals and legal entities in public information and telecommunication systems, formation of a unified approach to the introduction of electronic documents and electronic interaction between the state and local authorities. E-Governance reform will succeed only if the vast majority of the population has access to the created resources, as well as sufficient knowledge and interest in the use of advanced tools of interaction with the authorities.



## GOAL I

### TRANSPARENT AND HIGH-QUALITY ELECTRONIC ADMINISTRATIVE SERVICES FOR BUSINESSES AND INDIVIDUALS

1

Form a unified approach to the introduction of electronic administrative services, define a list of priority services and the procedure of their transfer into the electronic format.  
Decision-making authority: Ministry of Economic Development and Trade, State Agency for E-Governance.

2

Develop a unified approach and ensure the implementation of the electronic identification of individuals and legal entities in public information and telecommunication systems.  
Decision-making authority: State Agency for E-Governance.

3

Develop a national program to improve computer literacy and availability of electronic services for citizens.  
Decision-making authority: State Agency for E-Governance, Ministry of Economic Development and Trade, Ministry of Education and Science.



## GOAL II

### CITIZENS HAVE ACCESS TO PUBLIC INFORMATION AND OPEN DATA AT ALL LEVELS

1

Identify legislatively the list of information to be disclosed by the authorities in the form of open data.

2

Increase the awareness and skills of citizens in the use of open data.

Decision-making authority: State Agency for E-Governance.

3

Develop a system of universal apprising of the content of events with the use of budget funding by business entities.

Decision-making authority: State Agency for E-Governance.



## GOAL III

### FORMING A COMMON VISION OF E-GOVERNANCE DEVELOPMENT IN UKRAINE

1

Design the Concept of E-Governance Development in Ukraine.

Decision-making authority: Cabinet of Ministers, State Agency for E-Governance.

2

Develop and adopt at the national level a Strategy of E-Governance Introduction in Ukraine and the action plan for its implementation.

Decision-making authority: Cabinet of Ministers, State Agency for E-Governance.



## GOAL IV

### INCREASED EFFECTIVENESS OF GOVERNMENT THROUGH THE INTRODUCTION OF THE ELECTRONIC INTERACTION SYSTEM

1

Develop a common approach and legislatively ensure the implementation of electronic document management and electronic interaction among state and local authorities.

Decision-making authority: Verkhovna Rada, Cabinet of Ministers, State Agency for E-Governance.

2

Introduce a system of electronic document management in government agencies at all levels.

Decision-making authority: Verkhovna Rada, State Agency for E-Governance.

3

Implement a system of interagency electronic interaction.

Decision-making authority: State Agency for E-Governance.



# E-DEMOCRACY

PROPOSALS PREPARED BY THE RPR EXPERT GROUP

LEAD EXPERT



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ORGANIZATIONS



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## ISSUES TO BE RESOLVED BY THE REFORM

Despite the fact that a number of Ukrainian laws contain provisions on electronic forms of public participation, the current versions of regulations do not provide for enough legal opportunities. In particular, neither E-Democracy, nor E-Governance, just like none of the electronic forms of interaction are specified in the Constitution of Ukraine. It is necessary to enshrine the following in the highest law: the parity of offline and online forms, the right to use the Internet, privacy, the right to anonymity on the Internet and freedom of electronic information. Besides, there is request in society for legislative and executive introduction of new E-Democracy tools, such as consultations, public hearings and online community councils, electronic voting, electronic election, electronic plebiscites, empowerment and removal of public officers online.

The greatest difficulties arise during the implementation of E-Governance and E-Democracy policies — both at the national and local levels. For example, the implementation of the Law of Ukraine «On the Open Use of Public Funds» is slow because officials fail to comply with it. The e-petitions service functions at the website of the Presidential Administration and the Parliament, is to be introduced on the website of the Cabinet of Ministers and in a number of regional and district centres; meanwhile, the opportunities for submitting an e-petition set forth in the Law «On Local Self-Governance in Ukraine» are implemented in a small number of government bodies and local self-governments.

In addition, there is a low level of responsibility for a failure to comply with the laws governing democratic processes in the digital form. From a strategic point of view, we especially lack a Roadmap and a Plan of Action with regard to the introduction of E-Democracy, indicating specific goals, deadlines, responsible persons and allotted funding. At the tactical level, there is a lack of cooperation of civil society with government officials to achieve an understanding of the importance as well as bilateral and equal interaction formats with the public online.

The public awareness about E-Democracy in general and digital tools available in Ukraine in particular is very low. According to the KIIS survey conducted in February-March 2015 commissioned by EGAP, 79% of the adult population of Ukraine has never heard the term «E-Democracy» and only 19% use ICT to interact with the government. According to the survey of Razumkov Centre commissioned by CID, in November 2015, 73% of adults were unaware of the existence of e-petitions service. Moreover, according to the same sources, among those who are aware of it, 65% support the service, 32% believe that e-petitions are a good opportunity for a dialogue between citizens and the government, and 20% see them as instruments of direct democracy. This implies that the level of awareness is low, but the better informed people are, the more they are in favour of E-Democracy tools. These data strongly suggest that there is a need for an extensive information campaign concerning these tools in particular and the concept of E-Democracy in general.



## GOAL I

### CITIZENS PARTICIPATE IN STATE-BUILDING AND DECISION-MAKING THROUGH ELECTRONIC TOOLS

1

Regulate legislatively the use of electronic trust services, in particular electronic identification, data interoperability, and cyber-security.

Decision-making authority: Verkhovna Rada.

2

Ensure legislatively opportunities for citizens to participate in public and local affairs (electronic consultations).

Decision-making authority: Verkhovna Rada.

3

Streamline and launch the unified system of electronic public services.

Decision-making authority: Ministry of Economic Development and Trade, State Agency for E-Governance.

4

Continue the implementation of electronic petitions, electronic public hearings, electronic consultations and «smart city» initiatives

Decision-making authority: State Agency for E-Governance.

5

Develop and launch an online platform for interaction of C2C, C2G, C2B2G.

Decision-making authority: State Agency for E-Governance.



## GOAL II

### POLICY ON E-DEMOCRACY IS SHAPED INVOLVING THE PUBLIC, AUTHORITIES AND THE REAL ECONOMY SECTOR

1

Establish the National E-Democracy Council involving representatives of the executive and legislative branches of the authorities, civil society and the business sector.

Decision-making authority: Cabinet of Ministers.

2

Develop and adopt a national strategy for involving citizens in the development of E-Democracy in Ukraine and a three-year action plan for its implementation.

Decision-making authority: Cabinet of Ministers.

3

Complete the implementation of commitments under the Action Plans within the initiatives of the Open Government Partnership and the Open Parliament.

Decision-making authority: Cabinet of Ministers, Verkhovna Rada.



# NATIONAL SECURITY AND DEFENCE

PROPOSALS PREPARED BY THE RPR EXPERT GROUP

## LEAD EXPERT



**Valeriy Sadovskyi**

## CIVIL SOCIETY ORGANIZATIONS

- Development and Security Association
- Institute for Euro-Atlantic Cooperation



## ISSUES TO BE RESOLVED BY THE REFORM

The change of Ukraine's political course and its rapprochement with the European Union triggered aggression on the part of the Russian Federation, which the security and defence sector was not prepared for. Threats to the national interests of Ukraine aggravated rapidly in all areas becoming large-scale and complex in their nature. Efforts of the Ukrainian national security entities with regard to neutralizing these threats in 2014–2016 proved to be insufficiently effective, resulting in the loss of territory, significant economic decline and deterioration of social standards in Ukraine.

The political management of the security and defence sector as well as its reform are being implemented without any systematic analysis, without creating an integrated system of interrelated legal regulations, development programs, plans and relevant financial and logistical support. The promptness of adopting management decisions in the sphere of national security remains low, which does not ensure timely response to new threats. The lack of a sustainable mechanism for modelling and forecasting as a basis for decision-making makes any pre-emptive action impossible.

The interaction of governmental agencies with civil society organizations and the expert communities in the field of national security remains inefficient. When shaping the national security policy, the highest state authorities tend to disregard even scientific solutions developed by relevant government agencies.



## GOAL I

### SHAPING A COMPREHENSIVE SYSTEM OF LEGISLATION IN THE FIELD OF NATIONAL SECURITY OF UKRAINE

1

Identify legislatively the foundations for functioning of the national security system under the contemporary conditions.

**Decision-making authority:** Verkhovna Rada, President, National Security and Defence Council, Cabinet of Ministers.

2

Upgrade and adopt new security doctrines of political, economic, social, military, information, environmental, humanitarian and other spheres.

**Decision-making authority:** President, National Security and Defence Council, Cabinet of Ministers.



## GOAL II

### THE STATE POLICY IN THE SPHERE OF NATIONAL SECURITY MEETS CURRENT CHALLENGES AND THREATS

1

Develop and implement a unified system of strategic forecasting and planning in the sphere of the national security of Ukraine.

Decision-making authority: President, National Security and Defence Council.

2

Improve the national policy on information, radiological, chemical, biological and nuclear safety in accordance with current challenges.

Decision-making authority: President, National Security and Defence Council, Cabinet of Ministers.

3

Ensure proper social protection and security for the members of the Ukrainian Armed Forces and other military units.

Decision-making authority: Verkhovna Rada, President, National Security and Defence Council, Cabinet of Ministers, Ministry of Defence.

4

Ensure the implementation of civilian democratic control of the security and defence sector.

Decision-making authority: Verkhovna Rada, President, Cabinet of Ministers.





# CONSTITUTIONAL REFORM

PROPOSALS PREPARED BY THE RPR EXPERT GROUP

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## ISSUES TO BE RESOLVED BY THE REFORM

The Constitution of Ukraine after the changes in 2004, 2010 and 2014, which took place in violation of the constitutional procedure, cannot be the legal basis for the effective organization of the state and society and it is doomed to be ignored both by the state and by society. Public authorities (especially higher ones) when performing their powers are often guided by political expediency and manipulate constitutional provisions. The constitutional provisions are but declarations and the constitutional governance mechanism varies depending on changes in the unstable political interests.

Officials guilty of violating the Constitution did not bear any political or legal responsibility. Apart from authorities inaction, this is also due to the low public awareness of the Constitution provisions. More than 50% of citizens have never read the Constitution.

Besides, constitutional provisions contain a number of significant substantive shortcomings: lack of clarity of the democracy principle, specifically, the declarative nature of the right of the people to change and establish the constitutional order and the declarative nature of the constitutional human and civil rights; dependence of MPs on the leader of the political party (imperative mandate); discrepancy of the status of the President of Ukraine and the powers vested in this post; the constitutional method of forming the government laying conflict in its further work as a team; inefficient system of central executive bodies; weakness of constitutional justice; preventing administrative and territorial reform and completion of the decentralization reform etc.

As a result, the unstable and unclear Constitution is ineffective and cannot be used as the basis for much-needed social reforms, i.e. political, administrative, local self-government reform and decentralization.



## GOAL I

### EFFECTIVE AND LEGITIMATE CONSTITUTION OF UKRAINE

1

Develop comprehensive constitutional changes through an inclusive process, extensive public consultations and taking into account the recommendations of the Venice Commission.

2

Change the Constitution of Ukraine in accordance with constitutional procedures.

3

Strengthen the role of civil society in the constitutional process by raising awareness of the ideology of constitutionalism and the provisions of the Constitution of Ukraine.



## GOAL II

### THE STATE GOVERNANCE MECHANISM IS CAPABLE OF EFFECTIVELY MANAGING THE STATE IN THE INTERESTS OF UKRAINIAN SOCIETY

1

Fix the balance of power within the parliamentary-presidential republic, which would make it impossible for any of the senior officials to usurp power.

2

Strengthen the parliamentary system, in particular abolish the imperative mandate for MPs, change the procedure of adoption of laws by the parliament along with the introduction of various kinds of laws, consolidate the key role of the parliament in forming the government.

3

Formalize the status of the government enabling it to effectively develop and implement a unified state policy. For this purpose, strengthen the role of the government in the legislative process and the responsibility of the government to the parliament. Reinforce the role of ministers in the public policy in each relevant area.

4

Clearly distribute responsibilities between the president and the government.

5

Ensure the formation of an independent and professional Constitutional Court by reducing the role of political bodies in appointing judges of the Constitutional Court.



## GOAL III

### IMPLEMENTATION OF AN EFFECTIVE MECHANISM FOR PROTECTION OF THE CONSTITUTION OF UKRAINE

1

Provide for effective responsibility procedures for the President, MPs, and officials for violations of the Constitution. Namely, simplify the procedure of impeachment of the President, and limit parliamentary immunity.

2

Establish guarantees of the formation and operation of an independent and professional Constitutional Court able to defend the Constitution by legal means.

3

Impose criminal liability on officials guilty of violating the Constitution during the introduction of constitutional changes in 2004, changes of the Constitution via the Constitutional Court in 2010, as well as of violating the constitutional rights of man and of the citizen during the Revolution of Dignity.



## GOAL IV

### THE STATE ENSURES THE IMPLEMENTATION OF CONSTITUTIONAL RIGHTS AND FREEDOMS

1

Define realistic socio-economic rights of citizens in the Constitution based on the balance of responsibilities and resources of the state.

2

Establish effective mechanisms for securing the constitutional rights and freedoms; specifically, regulate legislatively the implementation of constitutional rights and freedoms of man and citizen (participate in governance through national and local referendums, etc.).



## GOAL V

### DECENTRALISED POWER WITH FORMED CAPABLE LOCAL SELF- GOVERNANCE

1

Formalize in the Constitution an administrative and territorial system that would be the most optimal for generating capable local and regional self-governance in Ukraine.

2

Formalize in the Constitution capable local self-governance, i.e. establish guarantees for provision of material, financial and organizational resources to local self-governments for implementation of their own and delegated powers.

3

Establish effective state control over the legality of activities of local self-government bodies.

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# ROADMAP OF REFORMS FOR UKRAINE

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