

SECTORAL POLICY BRIEFS ON REFORMS IN UKRAINE



Expanding on the Toronto Principles vision document, policy briefs provide a more detailed breakdown of reform action that needs to take place over the next five years across 12 key policy areas to achieve a more prosperous, democratic and secure future for Ukraine. The briefs were developed by civil society experts under coordination of the Reanimation Package of Reforms Coalition (RPR) in course of preparation for the Third Ukraine Reform Conference (July 2-4, 2019, Toronto, Canada). The Toronto Principles will be presented at the conference.

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In this publication, experts of the leading Ukrainian CSOs provide analysis and details on the reform actions that need to take place over the next five years across 12 key policy areas in 2019-2023.

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SECURITY AND RULE OF LAW



POLICY BRIEF “NATIONAL SECURITY AND DEFENSE REFORM”

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1. Reform objectives and major achievements in 2014-2018

The main tasks of the reforms are: to build effective and accountable institutions in line with Euro-Atlantic principles and values; develop Ukraine's defense and security capabilities on the basis of NATO standards; to restore territorial integrity; create an effective system to respond to external and internal threats to national security; guarantee personal safety and citizens' rights and freedoms, and; neutralize crises and emergencies. The national security and defense system should be based on the principles of national resilience with the most active civil society engagement.

In 2014-2018, substantial steps were taken to reform the system, which was critical for an effective counteraction to Russian aggression. In particular, restoration of the combat capability of the Armed Forces of Ukraine and restoration of the National Guard allowed stabilizing the situation in the conflict zone with the Russian Federation in Donbas, preventing further aggression of Russia. Establishment of the National Police and, in particular, the Patrol Police marked the beginning of the Ukrainian security forces transformation after the Revolution of Dignity. Adoption of the new National Security Strategy of Ukraine, the Military Doctrine and consolidation of the Euro-Atlantic course in the Constitution formed the strategic foundation for the reform.

An important stage in the reforms was the adoption of the new Law “On National Security

ty” which determined specific framework for the security and defense sector. As a result, the next stage of the reform started and certain changes were introduced, in particular, the requirement regarding civilians holding the chairs of the Minister of Defense and Deputy Ministers has been fulfilled. At the same time, the Security Service of Ukraine (SSU) transformation into classical counterintelligence service was launched. Markedly, its reform requires changing perceptions and a comprehensive approach based on Euro-Atlantic norms, values and principles; including the removal of functions in the anti-corruption and economic spheres

In addition, the Law “On National Security” introduces a modern approach to ensuring effective civilian oversight over security forces, law enforcement agencies and intelligence services.

2. Key challenges to reform implementation

Russian aggression against Ukraine has been the key aspect influencing the process of reforming the security and defense sector. Annexation of Crimea, occupation of Donbas, Russian aggression in the Azov and Black Seas, incitement of internal conflicts, information warfare and cyberattacks, activities of Russian intelligence services created a powerful set of threats for Ukraine.

On the other hand, these threats have stimulated the mobilization of efforts both on the part of the state and the civil society. The syn-

ergy between state and non-state structures has become a sufficient impulse for building the new Armed Forces and influenced the launch of defense reforms. This is what distinguishes the process of reforming the security sector from other areas: challenges and threats to national security have become an impetus for the reform rather than an obstacle.

Systemic corruption, which levels down success in functional and organizational changes, remains the main challenge that impedes reforms implementation in the security sector. Imbalance between transparency and secrecy in the security sector creates conditions for abuse in the field of procurement and defense industries.

Also, challenges to reform in accordance with NATO standards are posed by differing visions of mindsets pertaining to Euro-Atlantic integration. At the strategic level, a significant amount of Soviet traditions in military education, personnel policy, relations between commanders and subordinates, the provision of the rights and freedoms of servicemen, the general system of education, particularly the preparation of public service including current and future leaders and decision makers remain.

3. Reform perception and public expectations

With the onset of Russia's aggression against Ukraine, approaches to developing defense and security system of Ukraine in terms of ensuring national stability and broad engagement of civil society have been redefined.

Successful reforms implementation should lead to a synergistic effect of the functioning of law enforcement agencies and civil society. The awareness of the citizens of Ukraine of the

need for further security sector improvement through harmonization with NATO standards is confirmed by the latest sociological surveys. In particular, 59.3% of Ukrainians who would take part in a referendum on Euro-Atlantic integration would vote for accession to NATO (as of March 2019)¹. Citizens, being end-users of security and defense sector reform, are also interested in creating a transparent defense budget control system and in the ability to achieve successful self-realization in a NATO country.

4. Connection to Ukraine's international cooperation

The security and defense sector reform is inextricably linked with the process of Ukraine's integration into NATO. In this regard, it is important to receive direct assistance from the NATO-Ukraine Joint Working Group on Defense Reform and the NATO Liaison Office in Ukraine, in particular for the implementation of the Annual National Programs under the auspices of the NATO-Ukraine Commission².

An important direction is Ukraine's cooperation with the EU in the security field, in accordance with the Association Agreement between Ukraine and the EU signed in 2014³. These commitments define Articles 7-13 of the Agreement which focus on the issues of conflict prevention and crisis management, regional stability, disarmament, non-proliferation, armament and arms exports control, and counter-terrorism.

In addition, Ukraine is a participant in the EU's Eastern Partnership initiative. The document "Eastern Partnership - 20 Deliverables for 2020: focusing on key priorities and tangible results"⁴ provides for progress in countering organized

¹Almost 60% of Ukrainians would vote for accession to NATO in the referendum - polls", March 25, 2019. Electronic source: <https://ua.interfax.com.ua/news/political/575155.html>

²The Government approved the draft Presidential Decree "On the Approval of the Annual National Program under the auspices of the Ukraine-NATO Commission for 2019", January 30, 2019. Electronic source: <https://www.kmu.gov.ua/ua/news/uryad-shvaliv-proekt-ukazu-prezidenta-pro-zatverdzhennya-richnoyi-nacionalnoyi-programi-pid-egidoyu-komisiyi-ukrayina-nato-na-2019-rik>

³Association Agreement between Ukraine and the European Union. Electronic source: https://zakon.rada.gov.ua/laws/show/984_011

⁴Comparative Analysis of "Eastern Partnership - 20 Deliverables for 2020" and the provisions of the Association Agreement: What is the Added Value for Ukraine-EU Relations?". Electronic source: https://www.civic-synergy.org.ua/wp-content/uploads/2018/04/Web-ua-AAEap-deliverables_civic_synergy_ua_2018.pdf

crime, arms trafficking, cybercrime, terrorism, as well as participation in operations, divisions and training initiatives of the EU Common Security and Defense Policy.

5. Key reform objectives for 2019 - 2023

The key task for the next five years is to build defense and security capacities based on NATO standards. The main efforts in this regard should be focused on the implementation of systemic reforms envisaged by the Law “On National Security of Ukraine” with the purpose of forming a holistic national security and defense sector based on the principles of national resilience, which will be subject to comprehensive civilian oversight.

It is important to introduce long-term planning focused on the development of defense and security capabilities, aimed at restoring the territorial integrity and sovereignty of Ukraine. The effective reform of the defence industry and defence procurement systems is dependent on the establishment of an independent government body tasked with: ensuring effective functioning of Ukrainian producers of all forms of ownership and those from NATO countries, particularly

transparent access to the defence market and State Defense Order (SDO).

Separate areas of reform in the security and defense sector:

- Continuous integrity training, support for the fight against corruption and trainings for trainers in procurement, state defense order, defense industry and military-technical cooperation.
- Establishing the level of secrecy for the state defense order in accordance with the NATO standards.
- Improvement of the Law “On State Secrets”.
- Reforming the SSU and other intelligence services to bring them to NATO standards, in particular, in terms of civilian oversight.
- Transition to a professional army model with the elimination of post-Soviet repressive approaches to conscription to the Armed Forces and other law enforcement agencies, with the formation of voluntary territorial defense and reserve.
- It is necessary to explore and implement national and international best practices for expanding women’s participation in the field of security and defense.



POLICY BRIEF “JUDICIAL REFORM”

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1. Reform objectives and major achievements in 2014-2018

A judiciary capable of guaranteeing the rule of law has not been formed since Ukraine regained independence in 1991. The courts still face the problem¹ of corruption, the dependence of judges on politicians and oligarchs, a collective responsibility in the judicial system, and the courts are not publicly respected. On the eve of the Revolution of Dignity, the level of trust in the courts in Ukraine stood at 7%² and was³ one of the lowest in the world and the lowest in Europe. Significant problems have existed and still exist in the legal community and the Prosecutor General’s Office (PGO), in forensic examination, and in enforcement of court rulings. The quality of legal education is still unsatisfactory.

In 2016, constitutional amendments were introduced, and new laws were adopted on their basis: “On the Judicial System and the Status of Judges”, “On the High Council of Justice”,

and new editions to procedural codes. This was aimed at:

- Simplifying the judicial system and making it more accountable to society;
- Upgrading the judiciary through the creation of new judicial institutions, judge qualification assessment and competitions for all vacant judicial positions;
- Limiting the formal influence of political authorities on a judge’s career.

A new Supreme Court was created, which, however, was formed with considerable problems⁴. With the participation of international experts, the High Anti-Corruption Court, which will begin its work in the autumn of 2019, was formed.

The reform of how court rulings get enforced has begun. In particular, the institution of private court bailiffs has been introduced, which has slightly improved⁵ situation, albeit insignificant-

¹Opinions and views of the population of Ukraine regarding the Constitution, constitutional, judicial reform and prosecutor’s office reform. – Center for Policy and Legal Reform, Ilko Kucheriv Democratic Initiatives Foundation, December 2015. – Electronic source: http://pravo.org.ua/img/zstored/files/%D0%9E%D0%BF%D0%B8%D1%82%D1%83%D0%B2%D0%B0%D0%BD%D0%BD%D1%8F%2012_15%20%D0%BF%D0%BE%D0%B2%D0%BD%D1%96%20%D0%B4%D0%B0%D0%BD%D1%96.doc

²Monitoring 2018: main trends of public opinion change. – Center for Policy and Legal Reform, Ilko Kucheriv Democratic Initiatives Foundation, September 2018. – Electronic source: <https://dif.org.ua/uploads/doc/7938710385c1cf118039ac2.01032102.doc>

³Rochelle Sh., Loschky J. Confidence in Judicial Systems Vary Worldwide. – GALLUP. – Electronic source: http://www.gallup.com/poll/178757/confidence-judicial-systems-varies-worldwide.aspx?utm_source=confidence%20in%20judiciary&utm_medium=search&utm_campaign=tiles

⁴Establishment of the new Supreme Court: key lessons. – Center of Policy and Legal Reform and DEJURE Foundation, January 2018. – Electronic source: <https://dejure.foundation/library/establishment-of-the-new-supreme-court-key-lessons>

⁵The Ministry of Justice reported on results of work in 2017. – Ministry of Justice of Ukraine – Electronic source: <https://minjust.gov.ua/news/ministry/u-minyusti-vidzvituvali-pro-rezultati-roboti-u-2017-rotsi>

ly, with court ruling enforcement.

Due to the expansion of the network of centers that provide free legal assistance and due to the fact that the functions of representing public interests were assigned to them by the PGO, the level of access to justice for vulnerable social groups has substantially increased.

2. Key challenges reform implementation

Political dependence of judges, almost complete lack of the judiciary renewal, untrustworthy judges who continue working in the courts remain the key challenges.

During the competition to the new Supreme Court, numerous facts of lack of integrity of the candidates (in terms of property, decisions, lifestyle, human rights violations, etc.) did not prevent the appointment to the highest positions. According to the qualification assessment results, only 3% of judges were recognized as not meeting the requirements of integrity and professional ethics. And a mere 15 out of 2.5 thousand evaluated judges were actually dismissed due to non-compliance with the position⁶. No new judges were appointed in the courts of appeals and local courts. Judges who demonstrate independence are openly pressured⁷.

These issues are due to the fact that the majority of members of the High Qualification Com-

mission and the High Council of Justice, who are responsible for the careers of judges, are not interested in reform, are often politically motivated and do not meet the criteria of integrity⁸. The population predominantly does not believe⁹ in their ability to give an independent assessment of their colleagues and bring them to justice for any offenses committed.

Despite the introduction of requirements for competitive selection to the Constitutional Court in the Constitution, the process of appointing judges to this body remains politicized¹⁰. As a result, less than 1% of respondents consider¹¹ judicial reform to be fully successful, and courts along with prosecutors continue to enjoy the lowest confidence in Europe. Only 11% of citizens trusted Ukrainian courts in early 2019¹².

An exception to the general rule was the creation of the High Anti-Corruption Court through the involvement of the Public Council of International Experts that had real powers to suspend the participation of doubtful candidates during the competition. Only pressure by the international community and the civil society made the creation of such a court possible.

3. Reform perception and public expectations

The demand for justice in society remains

⁶ Qualification Assessment of Judges: summary of interim results. – Center for Policy and Legal Reform, DEJURE Foundation, All-Ukrainian Association of Authors, April 2019. – Electronic source: http://pravo.org.ua/img/books/files/1554972804qualification_report_short_version_eng.pdf

⁷ HAC candidates pressed through the High Council of Justice. – DEJURE Foundation, November 2018. – Electronic source: <http://www.dejure.foundation/en/na-kandydativ-do-antykorsudu-tysnut-cherez-vrp/>

⁸ Formation of the new Supreme Court: key lessons of January 2018. – Center for Policy and Legal Reform, DEJURE Foundation, January 2018. – Electronic source: http://pravo.org.ua/img/books/files/1518518656formuvannya%20novogo%20vs_klyuchovi%20uroki.pdf

⁹ Survey of Public Opinion on the Implementation of Judicial Reform in Ukraine – CEDEM, GFK, May–June 2019. – Electronic Source: <https://drive.google.com/file/d/1StVh4Ao9S-S3ZvakIXsEx73IRd6G-ALK/view>

¹⁰ Contest to the CCU lacked transparency of procedures, impartiality and reasonableness of decisions. – DEJURE Foundation, May 2018. – Electronic source: <http://www.dejure.foundation/konkursu-do-ksu-zabraklo-prozorosti/>

¹¹ How corruption is fought in Ukraine according to the opinion of citizens. – Ilko Kucheriv Democratic Initiatives Foundation, June 2018. – Electronic source: <https://dif.org.ua/article/yak-v-ukraini-boryutsya-z-koruptsiyu-dumka-gromadyan>

¹² Level of trust in public institutions and electoral orientation of Ukrainian citizens. – Razumkov Center, February 2019. – Electronic source: http://razumkov.org.ua/napriamky/sotsiologichni-doslidzhennia/riven-doviry-do-suspilnykh-instytutiv-ta-elektoralni-orientatsii-gromadian-ukrainy?fbclid=IwAR07QsgsAoaAASLRksSttxz3hezj-uELFsCRhttp://razumkov.org.ua/uploads/socio/2018_06_press_release_ua.pdf

- The introduction of innovative IT solutions in the field of justice should facilitate the receipt of high-quality online litigation services. Proper judicial administration needs to be ensured, which requires changes in budget planning and financial management, case management and the automation of court activity.
- It is important to improve the enforcement of judicial rulings, in particular to ensure the development of the institution of private court bailiffs, and to de-monopolize the state from legal expertise; reform the penitentiary system so that it could ensure correction of convicts

and their re-integration into society.

As a result, courts should be focused on providing quality services to the community. Training and selection of the best judicial corps, and the lack of claims to the integrity of judges, prosecutors, and lawyers should lead to an increase in public confidence in the courts, and the authorities in general. Fundamental values such as security and justice must be protected by courts that should have a reputation for being independent and not corrupt. Courts have to become the guarantor of the inevitability of punishment for corrupt officials.



POLICY BRIEF “REFORM OF LAW ENFORCEMENT AGENCIES”

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1. Reform objectives and major achievements in 2014-2018

The principles of activity and the system of law enforcement agencies have not met international standards for a long time, while remaining entirely soviet. They also had nothing to do with the needs of society and present day challenges. According to sociological surveys by the Institute of Sociology of the National Academy of Sciences of Ukraine, the level of public trust to law enforcement agencies was less than 1% (0.8%) after the Revolution of Dignity.

In 2014-2018, the Prosecutor General's Office (PGO) went through the most important transformations for which Ukraine and its international partners had been waiting for many years. Constitutional changes of 2016 identify the PGO as a judicial body. New legislation, constitutional amendments in particular, have finally deprived the prosecutor's office of excessive functions: the so-called “general supervision” was completely eliminated, and the function of pre-trial investigation was transferred to the newly established State Bureau of Investigations (SBI). Also, self-government bodies and the Qualification and Disciplinary Commission of Prosecutors, which now has exclusive power in the selection, promotion and disciplinary accountability of prosecutors, started to operate.

The police also experienced large-scale reforms during this period. New legislation stipulated many progressive aspects, in particular depoliticization of police and introducing the service nature of its activities. However, the reform missed to change the largest link of this

body – investigative units.

Establishment of the National Anti-Corruption Bureau of Ukraine (NABU) and the Specialized Anti-Corruption Prosecutor's Office (SAP) was implemented as a requirement of several Ukraine's international obligations in the field of combating corruption with regard to necessity for having specialized law enforcement agencies.

2. Key challenges to reform implementation

Since the new national police was rolled out and reform of the PGO began, the most influential political forces have made many attempts to stop or restrain a number of fundamental innovations. As a result of their pressure, the reform of the police and the PGO did not fully take place, and the State Bureau of Investigations is institutionally weak. The newly created anti-corruption institutions (NABU, SAP) have been the target of constant media attacks as well as attacks by the unreformed Security Service of Ukraine (SSU). In addition, personal conflicts between the heads of these anti-corruption institutions seriously threaten reform.

3. Reform perception and public expectations

The overwhelming part of society clearly understands that the price of the failure to implement reforms in criminal justice will be a scenario in which dysfunctionality of the system of law enforcement bodies will only increase; the

actual restoration of violated human rights, especially those violations committed by officials, will continue to be illusory; politically-motivated criminal prosecution and unlawful interference by investigative bodies into business activities will remain a common practice for Ukraine. Therefore, citizens expect a change in the criminal justice paradigm: a refocus on the restoration of rights violated by crimes; political neutrality of investigation institutions and the PGO; and ensuring the inevitability of punishment for crimes committed by officials.

4. Connection to Ukraine’s international cooperation

Society’s expectations are fully in line with the international commitments of Ukraine. In particular, the Agenda of the EU-Ukraine Association, which is the implementing document for the Association Agreement, the Action Plan for Ukraine for 2018-2021 prepared by the Council of Europe and agreed upon by Ukraine, as well as Ukraine’s obligations under the Agreement with the International Monetary Fund on the expanded financing mechanism envisage enhancement in the performance of the State Bureau of Investigations and the National Anti-Corruption Bureau of Ukraine, ensuring the inevitability of punishment for crimes committed by officials, and a guarantee of political neutrality and independence of the prosecutor’s office. Also, the memorandums with the International Monetary Fund enshrine an agreement on the establishment of a new service which consolidates all powers to investigate financial crimes.

5. Key reform objectives for 2019–2023

Undoubtedly, in recent years, Ukraine has taken a number of steps towards strengthening human rights guarantees and the implementation of other international standards in the field of criminal justice. At the same time, the performance of law enforcement agencies, which should take care of the recovery of violated rights and interests of society as a whole, still remains unsatisfactory. Therefore, the priority in

this area is to increase the functional capacity and effectiveness of law enforcement agencies. The following steps are needed:

- Legislation on detective units (in all pre-trial investigation bodies), and the covert actions of law enforcement bodies that meet international standards will lay the foundation for an effective pre-trial investigation of both petty and grave crimes, taking into account the principle of proportionality of the human rights restriction.
- Qualitative legislation on misdemeanors, which will facilitate the proper and prompt investigation of petty crime, relieve pre-trial investigation bodies, and will allow the redundant resources to be spent on the investigation of serious crimes.
- Strengthening the functional capabilities and guarantees of independence of the State Bureau of Investigations, the National Anti-Corruption Bureau of Ukraine and the Specialized Anti-Corruption Prosecutor’s Office, as well as the prosecutor’s self-government bodies and the Qualification and Disciplinary Commission of Prosecutors.
- Competitive selection the nominees to the Prosecutor General position should serve as an important guarantee of the prosecutor’s office independence.
- The proper level of functioning of the State Bureau of Investigations will largely solve the issue of torture and other gross violations of human rights by law enforcement officials and in the army as well. Effective National Anti-Corruption Bureau and the Specialized Anti-Corruption Prosecutor’s Office will become a reliable fence against the tremendous amount of national budget theft.
- The proper level of capacity and independence of the prosecutor’s self-government bodies and the Qualification and Disciplinary Commission of Prosecutors will be a reliable mechanism for ensuring the independence of the prosecutor’s office and prosecutors themselves. Meanwhile, this will indicate that the political or other influence on crim-

inal prosecution will be reduced to a level that does not endanger fairness in criminal proceedings.

- Creation of a single body responsible for financial investigations, namely the Financial Investigation Service, in accordance with the

international standards and best practices will help to increase the stability of financial institutions, prevent massive fraud on the market, in particular tax fraud, and curb unjustified interference of investigative bodies with the activities of legal business.



POLICY BRIEF “ANTICORRUPTION REFORM”

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1. Reform objectives and major achievements in 2014-2018

Systematic corruption and impunity were one of the main causes of the Revolution of Dignity in 2013-2014. The exiled former President Viktor Yanukovich and his associates inflicted damage to the state budget of about \$12.5 billion. The Ukrainian society faced a challenge: it was necessary to prevent further theft of the state budget and ensure the return of stolen assets.

In response to a public demand in 2014, a comprehensive anti-corruption policy was developed to ensure effective punishment for corruption and its prevention.

Infrastructure is underway to detect and investigate high-level corruption offenses and impose punishment for them. In 2015, the National Anti-Corruption Bureau of Ukraine (NABU) was established. As of March 2019, it is investigating 692 cases involving high-ranking officials, of whom 189 were transferred to court¹. The High Anti-Corruption Court (HAC) is being established; candidates for the positions of judges are approved by the Public Council of International Experts². Asset Recovery and Management Agency (ARMA) has been launched to detect, seek and manage the assets obtained through corrupt practices.

The important steps have been taken to increase transparency: an integrated electronic declaration system was launched for government officials to declare their assets and income; public registries have been published according to open data standards. All public procurement is carried out through ProZorro, an open electronic procurement system, which has already saved \$2.7 billion in budgetary funds since 2016³. Its operation is supported by the monitoring ecosystem DoZorro⁴. ProZorro.Sale⁵ brought \$ 572 million into the state budget, made it possible to transparently sell property of bankrupt banks and state property, as well as conduct small privatization of assets. Progress has been made through the assignment of state procurement of medicines to international organizations, digitalization of administrative services, automation of value-added tax (VAT) refunds, and the ongoing reform of corporate governance at state-owned enterprises.

2. Key challenges to reform implementation

The progress of anti-corruption reform is hampered by both active resistance and the lack of political will. International partners and civil

¹ National Anti-Corruption Bureau of Ukraine.– Electronic source: <https://nabu.gov.ua/>

² Halushka O., Krasnosilka A. How Ukraine builds its anti-corruption court // Kyiv Post, February 2019. - Electronic source: <https://www.kyivpost.com/article/opinion/op-ed/olena-halushka-and-anastasia-krasnosilka-how-ukraine-is-building-its-anti-corruption-court.html>

³ Prozorro. Purchasing stage (2018-2019). – Electronic source: <http://bi.prozorro.org/http/sense/app/fba3f2f2-cf55-40a0-a79f-b74f5ce947c2/sheet/HbXjQep/state/analysis#view/pEh>

⁴ Control over public procurement. – Transparency International Ukraine. – Electronic source: <https://ti-ukraine.org/project/dozorro/>

⁵ ProZorro.Sales - state auctions. – Electronic source: <https://prozorro.sale/aim>

society remain the main drivers of progress towards combatting corruption.

Draft laws aimed at reducing the effectiveness of the reform are regularly submitted to the Parliament. In February 2019, the Constitutional Court of Ukraine has decriminalized illegal enrichment, which resulted in the closure of 65 high-level corruption proceedings under this article.

The activities of the National Agency on Corruption Prevention (NACP) are ineffective due to political dependence of its leadership.

The NABU is also under political pressure: the General Prosecutor's Office of Ukraine (PGO) and the Security Service of Ukraine (SSU) disrupted its operation in December 2017 by disclosing a network of secret agents. Regular attempts are made to dismiss the NABU director. The NABU still has to use wire-tapping tools that are provided by the SSU; at the same time, the NACP has deprived NABU of automatic access to the registry of electronic declarations.

In 2018, news broke about serious violations committed by the head of the Specialized Anti-Corruption Prosecutor's Office (SAPO) to disrupt a number of NABU investigations. The international community stresses the need to restore credibility of the SAPO⁶.

3. Reform perception and public expectations

In spite of ensuring the openness and transparency of information important for citizens, and despite the launch of new anti-corruption institutions, Ukrainians still do not feel the impact of counteracting corruption. According to a survey conducted in August 2018, 91% of re-

spondents still consider corruption a big problem for the state, while 61% consider it the biggest obstacle to Ukraine's development⁷. According to 80.1% of citizens, the key reason for corruption is the lack of appropriate punishment for corruption crimes⁸.

4. Connection to Ukraine's international cooperation

For the last five years, Ukraine's international partners — the International Monetary Fund (IMF), the European Union (in accordance with the Visa Liberalization Action Plan, the State Building Contract and Macrofinancial Assistance Programs), as well as the United States and the World Bank, have included specific anti-corruption benchmarks and compliance with the international principles established by the U.N. Convention against Corruption and the Anti-Corruption Network of the Organization for Economic Cooperation and Development (OECD), the Group of States against Corruption (GRECO) and the Financial Action Task Force on Money Laundering (FATF) in their requirements for continued support. Ukraine has undertaken these commitments in order to ensure the effective and independent activities of NACP, NABU, SAPO, HAC, ARMA, automatic verification of electronic asset declarations, transparency of public procurement, in order to introduce new legislation on money laundering and effective verification of the ultimate, beneficiary ownership of companies, etc.⁹

5. Key reform objectives for 2019–2023

It is important to continue the reforms that have already begun:

⁶ Report from the Commission to the European Parliament and the Council. Second report under the visa suspension mechanism. – European Commission, December 2018. – Electronic source: https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-migration/20181219_com-2018-856-report_en.pdf

⁷ More than 90% of Ukrainians consider corruption as a serious country issue – public opinion poll // Ilko Kucheriv Democratic Initiatives Foundation, November 2018. – Electronic source: <https://www.unian.ua/society/10334298-ponad-90-ukrajinciv-vvazhayut-korupciyu-seryoznoyu-problemoju-krajini-opituvannya.html>

⁸ Every third Ukrainian is ready to engage in organized counteraction to corruption // Ilko Kucheriv Democratic Initiatives Foundation, December 2018. – Electronic source: <https://dif.org.ua/article/kozhna-tretya-ukrainkaets-gotovi-doluchitsya-do-organizovanoi-protidii-koruptsii>

⁹ Foreign partners condition Ukraine to fight corruption. – Anticorruption Action Centre. – Electronic source: <http://map.antac.org.ua/>

- It is necessary to **restart the National Agency on Corruption Prevention**: introduce legislative changes to select the Agency's management in accordance with new rules by a panel with international experts; improve the NACP management model, increase accountability of NACP management and ensure the independence of the Agency by introducing a yearly audit.
- It is important to **stop the pressure and attacks on anti-corruption institutions**. NABU should be provided with independent wire-tapping powers and full automatic access to the register of electronic declarations, and ensure that public authorities will not interfere with its activities.
- It is necessary to **restore credibility** of the Specialized Anti-Corruption Prosecutor's Office through the re-selection of its new leadership in accordance with the new procedure, as well as through the introduction of other additional guarantees for SAPO's independence as a separate institution.
- The High **Anti-Corruption Court** should be independent. It should be provided with any necessary resources for its activities. The court apparatus must be selected on the basis of an open and transparent competition.
- The **Security Service of Ukraine** still has non-typical anti-corruption functions, which create a basis for the abuse of power. The SSU should be deprived of these powers and turned into a special anti-terrorist and counterintelligence service.
- Continue **public procurement reform** and improve ProZorro. Introduce e-tender documentation and ensure the full launch of the Centralized Procurement Organizations. Approve the obligatory use of electronic auctions and ProZorro.Sale system at the national level for the sale and lease of state and municipal property.
- It is necessary to **reinstate criminal liability for illicit enrichment** and introduce an institute of civil forfeiture of unjustly acquired assets.

DEMOCRACY AND GOOD GOVERNANCE



POLICY BRIEF “ELECTORAL REFORM”

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1. Reform objectives and major achievements in 2014-2018

After 2014, Ukraine faced four major problems: a corruption-prone mixed electoral system in parliamentary elections vulnerable to procedural violations and electoral manipulation; impunity of people engaged in election violations; lack of transparency and accountability in funding political parties and candidates; as well as violations of the rights of voters and internally displaced persons.

In 2012, the Verkhovna Rada of Ukraine re-introduced a mixed system in parliamentary elections – a simple majority (Majority Election System) and a proportional system with closed party lists. This system destabilizes the work of the parliamentary coalition and impedes reform, gives an unfair electoral advantage to pro-government parties and the current President, worsens the development of the party system and promotes corruption during elections.

At the same time, the system of punishment for violating the electoral legislation of Ukraine remains very weak and vulnerable. Although the electoral law of Ukraine clearly defines what is permissible under the law, and what

is not, in many cases no fines are envisaged to ensure compliance with the relevant provisions, or the collection and investigation of the evidence base is impossible due to procedural restrictions for law enforcement agencies. The Criminal Code of Ukraine does not ensure timely and effective investigation of election-related crimes.

In 2014-2016, parties and candidates in Ukraine still gave partial election expenditure reports and

did not disclose any information on assets and revenues. Additionally, reports during the presidential election 2019 still contain no information on staff costs involved in the operation of headquarters, election commissions, and observers among the citizens.

The number of internally displaced persons (IDPs) in Ukraine exceeds 1.3 million. IDPs living on the territory under the control of Ukraine cannot exercise their right to vote. Similar voting problems are faced by internal labor migrants and other categories of voters who live in Ukraine in a place other than their place of registration. It is necessary to review the general concept of voter registration (and the electoral address, i.e., registered place of residence) to ensure that all voters have the right to vote in all elections held on the territory of their actual residence.

2. Key challenges to reform implementation

The biggest problem in the regulation of electoral processes is the lack of integrated approaches to the legal reform, as well as the lack of interest of parliamentary factions in getting rid of the corruption-related effects of the electoral system, namely:

- The proportional system with closed lists remains valuable for parties with significant voter support that are not prepared to give citizens more influence through open regional lists as well as to develop internal party democracy tools;
- The simple majority system mainly encourages candidates with significant financial resources

es to participate in the electoral process;

- The lack of transparency related to election funds and political groups predominantly suits all parliamentary players;
- Non-participation of minority groups of voters and the lack of a progressive system for determining the "electoral address" without reference to the place of registration are not the priorities of MPs since they do not consider this group do not consider them as voters;
- The lack of an effective system of punishment for electoral law violations and electoral justice ensure impunity for offenders including for both candidates from the ruling parties and from the opposition.

Currently, a number of draft laws that offer solutions to the above problems are registered in the Ukrainian parliament.

3. Reform perception and public expectations

Sociological surveys of the Ilko Kucheriv Democratic Initiatives Foundation confirm that there is the public demand for electoral reform as a whole, and 42% of citizens support a proportional system with open party lists as the most popular system among others.

At the same time, currently citizens who are registered as internally displaced persons are actively defending their right to vote in public, organize advocacy campaigns, and in the near future a resolution of the European Court of Human Rights is to be adopted on a lawsuit against Ukraine for interfering in the exercise of their electoral rights.

Impunity for electoral violations is discredited by law enforcement agencies. However, at the same time during the 2019 presidential election the police and the civil society for the first time advocated a developed draft law on an effective system of adequate punishment for electoral crimes.

Also, there has been a demand for transparency in political finance for a long time in the Ukrainian society.

4. Connection to Ukraine's international cooperation

Reform of electoral legislation and the central election administration authority within the framework of the international technical assistance are supported by the European Union, the United States Agency for International Development (USAID), the Council of Europe, the International Foundation for Election Systems (IFES), the government of Canada and the government of the United Kingdom.

5. Key reform objectives for 2019–2023

In November 2017, the Verkhovna Rada adopted the Electoral Code in the first reading (Draft Law No. 3112-1). It provides for a regional system of open lists for the Parliament and certain types of local elections. The Code was prepared for a second and final reading in January 2019, and MPs should immediately put it to vote. The Cabinet of Ministers supported the draft Law of Ukraine on Amendments to Certain Legislative Acts of Ukraine on Strengthening Liability for Election Legislation Violation (No. 8270) that was jointly developed by the Civil Network OPORA, the Ministry of Internal Affairs and the National Police. The draft law has already been approved by the General Prosecutor's Office, the Ministry of Justice and the Central Election Commission. The draft law has been successfully reviewed by the two parliamentary committees and is expected to be voted at a plenary session.

Since 2016, political parties, civil servants and elected officials have been submitting their online asset declarations. The National Agency on Corruption Prevention of Ukraine (NACP) was established to ensure transparency and accountability of political finance. However, by January 2019 NACP had not made any significant progress. In this regard the key challenges are a good practice of controlling bodies and a high-quality system for checking reports of election funds, political parties and electronic declarations.

The Draft Law No. 6240 "On Amendments to Certain Laws of Ukraine (regarding the electoral rights of internally displaced persons and other citizens mobile within the country)" should be considered by MPs before the beginning of the parliamentary elections in Ukraine.



POLICY BRIEF “PUBLIC ADMINISTRATION REFORM”

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1. Reform objectives and major achievements in 2014-2018

Public administration reform is aimed at transforming the post-Soviet system of public administration into a European public administration system. Priority areas for the reform are the organization and activities of the Cabinet of Ministers of Ukraine (CMU) and the Central Executive Bodies (CEB) system, civil service and administrative services.

Therefore, the reform objectives are the following:

- Strengthening the institutional capacity of a government and ministries policy development and analysis, division of powers between them for the purpose of developing public policies and as much as possible delegation of government policy implementation to relevant government agencies (services, agencies, inspections);
- Ensuring that executive bodies have qualified personnel with solid integrity capable of performing the functions assigned to these bodies for the development or implementation of public policy;
- Decentralization of administrative services, development of electronic administrative services, legislative regulation of the general administrative procedure.

The reform is implemented in accordance with the Public Administration Reform Strategy approved by the Cabinet of Ministers in 2016.

Key reform achievements:

- The new Law “On Civil Service” (effective as of 2016), ensuring its implementation through bylaws and public competitions for the civil service positions;

- Creation of the position of a state secretary at ministries and its appointment on a competitive basis;
- Establishment of policy-making directorates in ten pilot ministries, two state agencies, and the CMU Secretariat;
- Revision and submission of the draft law on the administrative procedure to the Verkhovna Rada;
- Expanded network of Centers for Provision of Administrative Services (CPAS) to 778 centers;
- Significant progress in the introduction of electronic workflow and electronic services: 121 e-services have been launched and the list of open data sets has been expanded to 900.

2. Key challenges to reform implementation

Reform implementation measures were not taken in full. The most difficult process is to reform the ministry offices and to introduce policy analysis and strategic planning. Most of the measures in this area were implemented after the due date, and the legislative support for the reform is too weak.

The reasons behind this are the following:

- Lack of political leadership, a lack of understanding and support for reform on the part of all members of the Government and a systematic vision to reform the governance system;
- Weakness of the senior civil service corps and lack of programs for its development;
- Lack of adequate skills that allow civil servants to analyze and develop public policy, lack of digital skills;

- Conflicts between “old” staff and newly appointed reformists;
- Lack of internal communication of the reform;
- Tendency towards formal implementation of measures.

3. Reform perception and public expectations

Public administration reform is paramount to effectively implement all reforms in Ukraine without any exceptions. The reform implementation has already led to an increase in the quality of providing services to citizens, and full reform implementation should ensure a European level of service. Moreover, the public administration reform will contribute to an effective, transparent and predictable policy-making process that will ensure a high-quality representation and consideration of the interests of different groups of the population when making policy decisions.

4. Connection to Ukraine’s international cooperation

Implementation of public administration reform serves as a precondition for both Ukraine’s integration into the European Union and NATO. In accordance with the EU-Ukraine, the reform is based on the shared values of respect to democratic principles, the rule of law, and good governance.

The reform also focuses on ensuring the implementation of the priority tasks of Ukraine’s cooperation with the North Atlantic Treaty Organization (NATO), in pursuance of the decisions adopted at the meeting of the NATO-Ukraine Commission at the level of Heads of State and Government (July 9, 2016, Warsaw).

The reform is based on the European standards of good governance outlined in the Support for Improvement in Governance and Management (SIGMA) Principles of Public Administration. Since 2018, the reform is also supported by SIGMA experts and EU experts under the EU4PAR Project.

5. Key reform objectives for 2019–2023

Regarding the continuity of the further reform implementation, it is important to adhere to the fundamental principles of the organization and operation of public administration:

- Focus on meeting the needs of citizens and ensuring the quality and accessibility of public services;
- Activities should be based on the principles of the rule of law, accountability to political bodies and transparency to society;
- A preparation of decisions based on results of inclusive policy analysis, strategic planning for a government and the entire system of executive bodies;
- Delineation of political and administrative positions and powers;
- Political neutrality and impartiality of the civil service;
- Policy compliance with the financial conditions of the country;
- Prime Minister or another member of a government should organizationally provide management leadership of the reform.

Key objectives of the public administration reform:

- Adopt a new comprehensive Law of Ukraine “On the Cabinet of Ministers of Ukraine and Central Executive Bodies”, which implements new approaches in the organization and operation of central executive bodies;
- Complete the reform of ten pilot ministries;
- Prepare and create directorates in all other ministries, and reform their organization accordingly;
- Clearly delineate functions of ministries (state policy-making), and functions of other central executive bodies (public policy implementation);
- Adopt a new Cabinet of Ministers Rules of Procedure, which should stipulate strategic planning of government’s activities and, a new procedure for development and approval of draft resolutions of the Cabinet of Ministers;

- Introduce amendments to the Law of Ukraine "On Civil Service", which should fill in the identified gaps in the regulation of civil service relations;

- Further improve the procedures of the public competition for civil service positions, organization and activities of the Commission on the issues of senior civil service, reform the system of civil service remuneration and training, and advanced training systems;

- Implement a comprehensive policy to ensure equal rights and opportunities for women and men as part of the civil service reform through the introduction of gender-based budgeting, inclusion of gender competences in vocational training programs for civil servants, and increased control over compliance with the legislation;

- Further develop e-government and electronic document management;

- Adopt the Law "On Administrative Procedure", which will regulate the procedure for the activities of public administration bodies to ensure fair, objective and timely consideration of administrative cases in order to establish and exercise the rights, freedoms and legal interests of individuals and legal entities;

- Adopt the Law "On Administrative Fee", which regulates the procedure for charging and collecting administrative fees for the provision of administrative services. The law should have an annex with a list of the most popular administrative services stating a clear amount for their provision;

- Introduce a special program for the development of senior civil service corps.



POLICY BRIEF “DECENTRALIZATION REFORM”

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Peer review: *Oleksandr Zalsavskyy*, Director of the Analytical Department, Agency for Legislative Initiatives

1. Reform objectives and major achievements in 2014-2018

According to the government-approved Concept of Local Self-Government Reform, decentralization is implemented through delegating requisite powers and financial resources to capable territorial communities. The formation of capable communities is based on the voluntary amalgamation of territorial communities around the centers of gravity: cities, towns, and big villages. All the amalgamated hromadas (AHs) become direct participants of the state budget. Therefore, they can plan their budgets regardless of the decisions of district and regional councils, and local state administrations. Amendments to the Budget Code allowed AHs to generate their own tax revenues, including 60% of the state tax on personal income. Implementation of fiscal equalization for local communities via income-generated incentives for the development of local economies in the communities. Also, the state provided financial support to the AHs for infrastructural development.

State incentives and organizational support for AHs have yielded excellent results: during 2015-2018, 888 AHs were established in Ukraine. Almost 70% of the population lives in decentralized Ukraine (the cities of regional significance and AHs), whose territory covers 38.7% of Ukraine’s area.

Self-generated local budget revenues have increased almost four-fold. By the end of 2018, the share of local budgets (with transfers) in the consolidated budget of Ukraine amounted to 51.5%.

Local budgets account for more than 15% of the gross domestic product of the country. It has put Ukraine on the list of the most fiscally decentralized countries in Europe. Budget decentralization has turned territorial communities into the largest public investor in the territories.

According to surveys of sociological services, 58% of Ukrainians are convinced that decentralization reform is necessary, and 80% of the population is aware of the reform¹.

Capable territorial communities, as well as a new state regional policy, create new conditions for regional development. Ukraine has established a legal framework for a European regional development system, which was developed based on the best European standards. The hierarchy of strategic planning documents has been introduced and the procedure for the impartial projected and transparent financing of regional development projects on the basis of their competitive selection has been determined. The State Fund for Regional Development (SFRD), which have to be at least 1% of the projected volume of revenues of the general fund of the state budget, is the main financial instrument of the regional policy in Ukraine.

2. Key challenges to reform implementation

Since February 2014, Ukraine has been facing unprecedented challenges: collapse of the budget sphere, the Russian Federation seized the Ukrainian territory of the Autonomous Re-

¹ Report on annual sociological research on decentralization and local self-governance reform. Council of Europe Programme “Decentralisation and local government reform in Ukraine”. – Electronic source: <http://www.slg-coe.org.ua/p16423/>

public of Crimea, seizure of the cities of the Donetsk and Luhansk regions by Russian troops and local separatists. Russia demanded federalization from Ukraine against the backdrop of separatist protests in Odesa, Kharkiv, and Zaporizhzhia. The 2014 events showed that formally, a unitary Ukraine with a rigid executive branch and poor local self-government turned out to be deeply regionalized. The authorities in the eastern regions failed to resist the total Russian informational war against Ukraine, which was based on contradictions between regions or groups of the population.

Under these circumstances, the government of Ukraine adopted a non-standard, asymmetric decision: to implement accelerated decentralization, strengthen the capacity of the basic rather than regional level and establish a new regional policy whose key goal is to form a united Ukrainian space throughout the entire territory of the state by integrating the economic, educational, informational, and cultural areas.

The Parliament's poor performance remains the main challenge for the reform today. Particularly, its failure to adopt key draft laws that are necessary for the completion of successful decentralization.

If the reform is not implemented by 2020, there is a risk that the current simultaneous existence of a decentralized and archaic Ukraine will exist for a decade until the next window of opportunity opens. If the situation remains static, it will lead to the rollback to manual management of communities and regions.

Failure to implement systemic changes to legislation in regional development and its financing (especially the problem areas that arose in connection with the Russian aggression), threatens the unity of the Ukrainian state, promotes asymmetry of regional development and interregional tension.

3. Reform perception and public expectations

Decentralization directly affects the quality of life and the possibilities for self-fulfillment of

Ukrainian citizens throughout Ukraine. Redistribution of significant resources to the local level has reduced corruption.

A new Ukraine is being formed: the environment of communities changes, which becomes comfortable and safe for people; infrastructure is being substantially restored — roads, new educational institutions, and healthcare infrastructure facilities. In 2015-2018, the SFRD and other sources funded thousands of projects in the regions — this is a showpiece of decentralized Ukraine.

Another reform indicator is an increase in the level of trust in local self-government in Ukraine.

A metric of decentralization achievement is that a layer of new leaders and local politicians is emerging on the local level, which in few years will also reach the national level.

4. Connection to Ukraine's international cooperation

Ukraine's commitments within international programs are not sufficiently specified. Under the present circumstances, it is necessary to enshrine the most concrete, measurable steps regarding the continuation of decentralization reform in Ukraine's international commitments.

5. Key reform objectives for 2019–2023

Today, Ukraine faces an extremely important task to be fulfilled before the next local elections in 2020: to create a new territorial framework for the establishment of local self-government bodies at the basic and sub-regional levels.

A modern "decentralized" and old archaic Ukraine cannot co-exist. The whole Ukraine should be the territory of capable territorial communities with unified powers, sufficient resources and responsibility before the community and the state.

Priority tasks for continuing the reform are:

1. Establishing administrative and territorial structure optimal for Ukraine.

It is necessary to ensure that, after the reform is completed, 100% of the population of the country will live in capable territorial communities. Accordingly, administrative and territorial units (communities and districts) in each region should be approved by early 2020 at the latest. It is projected that in Ukraine there should be no more than 1,400 territorial communities and 100 districts.

2. Introducing general supervision over the lawfulness of the activities of local self-government bodies.

It is necessary to streamline the system of state supervision and control over the activities of local self-government bodies in accordance with the European Charter of Local Self-Government and the Constitution of Ukraine.

3. Improving financing of regional policy,

whose implementation will ensure the development of communities and regions and increase their competitiveness.

It is necessary to increase the State Fund for Regional Development (SFRD) to 1.5% of the volume of the State Budget of Ukraine, with one-third of the funds spent on the implementation of national priorities in the regions and support for the development of problematic areas.

4. Amending provisions of the Constitution of Ukraine related to local self-government.

Amendments to the Constitution of Ukraine will ensure the irreversibility of the reform in the future. The changes will ensure clarity and systemic regulation in local self-government, promote the adoption of the principles of local self-government based on subsidiarity, universality and financial self-sufficiency.



POLICY BRIEF “PROTECTION OF CIVIL SOCIETY AND FREEDOM OF ASSOCIATION”

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Peer review: *Freedom House Ukraine*

1. Reform objectives and major achievements in 2014-2018

The objectives of the reform are to establish an enabling environment for the development of civil society in Ukraine and the activities of civil society organizations and activists.

Before 2014, civil society in Ukraine were facing several challenges, among which the restriction of civil liberties, difficulties in registering civil society organizations (CSOs), assaults on civic activists, pressure by law enforcement agencies and the Security Service of Ukraine (SSU), the fabrication of criminal cases, and the use of punitive psychiatry detention against activists¹. The situation worsened significantly during the EuroMaidan Revolution, when the authorities adopted “dictatorship laws” on January 16, 2014, which broadly criminalized civic activity.

Since the Revolution of Dignity, Ukrainian civil society has actively developed, and demonstrated its potential to influence public policymaking. Over the past 5 years, conditions for the creation and operation of public associations were simplified through amendments to the Laws “On Public Associations” and “On the State Registration of Legal Entities, Individual Entrepreneurs and Public Associations”. In particular, non-profit CSOs were permitted to carry out income-generating activities and the cost of changing registration information in the Uniform State Register was reduced. Additional reforms included the simplification of reporting forms for non-profit organizations and the procedure for obtaining funds from the state and local budgets (the Cabinet of Ministers of Ukraine Resolution #1049), and the

introduction of a competitive process to support CSOs of veterans and persons with disabilities. In 2016, Ukraine adopted the National Strategy for Promoting Civil Society Development in Ukraine, which is in effect until 2020.

2. Key challenges to reform implementation

At the same time, the authorities began instituting restrictions on the freedom of association in 2017. In particular, public activists involved in combating corruption were required to declare their assets. Failure to comply with this requirement could result in administrative and criminal liability. In June 2019, the Constitutional Court of Ukraine abolished e-declarations for anti-corruption activists.

Against the backdrop of other human rights violations that have occurred in Ukraine after EuroMaidan Revolution, human rights activists began documenting attacks on civic activists (including killings, beatings and the destruction of property), the fabrication of criminal cases, and threats and smear campaigns². The varying types of harassment disproportionately affected activists combating corruption and organized crime; activists advocating for environmental and land rights; and human rights defenders advocating for the rights of women and the LGBT community. Most of the attacks on civic activists have not been properly investigated yet.

Another challenge is a high number of internally displaced persons (IDPs) and conflict affected population who requires humanitarian assistance due to the military conflict in the east of

¹ Persecution of civil society in Ukraine in 2011 // Ukrainian Helsinki Human Rights Union: <https://helsinki.org.ua/publications/peresliduvannya-hromadyanskoho-suspilstva-v-ukrajini-v-2011-rotsi> (in Ukrainian); Punitive psychiatry in Ukraine? Case of Raisa Radchenko // Kharkiv Human Rights Group, 16.07.2013: <http://khp.org/index.php?id=1373972717> (in Ukrainian).

Ukraine and occupation of Crimea. Therefore, it is important to create favorable environment for the operation of the non-governmental organizations providing necessary assistance to the conflict affected population.

3. Reform perception and public expectations

A strong civil society is able to defend human rights, provide a wide range of services, and serve as a check on power. However, without improvements to the legal framework for CSOs and the effective investigation of attacks on activists, civil society in Ukraine will continue to be in a vulnerable position, and the authorities will be unable to continue relying on civil society as a partner in implementing effective and meaningful reforms.

4. Connection to Ukraine’s international cooperation

The protection of civil society, the freedom of association, and the right to participate in state affairs are the state's obligations according to the Ukrainian Constitution, and the international obligations of Ukraine under the Convention on the Protection of Human Rights and Fundamental Freedoms and the International Covenant on Civil and Political Rights. These principles are enshrined in the Universal Declaration of Human Rights, the Declaration on the Right and Responsibility of Individuals, Groups and Organs of Society to Promote and Protect Universally Recognized Human Rights and Fundamental Freedoms, as well as the OSCE Guidelines on the Protection of Human Rights Defenders.

5. Key reform objectives for 2019–2023

To improve the respect for the freedom of association and the civil society environment, Ukrainian government have to:

- Effectively investigate all cases of attacks on human rights defenders and civic activists;

- Resume the work of the Coordination Council on Civil Society Development under the President of Ukraine, engage law enforcement officials, hold regular meetings and obtain information about the process of investigating attacks on public activists.

It is also important to continue reform of the legal framework for civil society and charitable organizations, as well as implementation of current law in this area. In particular, it is necessary to:

- Simplify the registration procedure through the introduction of on-line registration of all CSOs and adopt the draft law No. 7372;
- Ensure conditions for the CSO's business activity and to promote the purchase of social services from NGOs;
- Facilitate opportunities for Ukrainian NGOs to carry out financial transactions abroad and pay for services of foreign counterparties;
- Introduce a competitive approach to the provision of all funds allocated for public and charitable organizations from the state and local budgets;
- Improve the legislation for the charity assistance beneficiaries and providers (draft law #8237) and introduce tax incentives for them, in particular, to improve the mechanisms for international humanitarian assistance taxation and to exempt such assistance from value added tax and military fees, and to exempt the beneficiaries of national and local non-governmental organizations that provide untargeted charitable help to the victims of the conflict in the East of Ukraine from the personal income tax irrespective of the amount received;
- Simplify the procedure for the importation of humanitarian aid into the territory of Ukraine through the adoption of the law on humanitarian assistance in crisis situations (draft

² Pechonchyk T., Yankina L. Situation of human rights defenders in the government-controlled territories of Ukraine: three years after Euromaidan // Human Rights Information Center, Kyiv, 2017. https://humanrights.org.ua/en/about/view/publication/stanovishhepravozahisnikiv_na_pidkontrolnih_urjadu_teritorijah_ukrajini_tri_roki_pisljia_jevromajdanu

law No. 4360) to support citizens affected by the armed conflict in the East of Ukraine and the occupation of Crimea;

- Improve the humanitarian access of non-governmental organizations providing humanitarian assistance to the victim of conflict and certain territories through the introduction of changes into anti-terrorism legislation.

In addition, for the effective development and implementation of CSO legislation, it is necessary

to establish a dialogue between the authorities and civil society, ensure participation of CSOs in the development and implementation of public policies, and in the development of donor assistance strategies for Ukraine.

And finally, to ensure the free and unimpeded activity of civic activists, it is necessary to eliminate systemic barriers to their work by implementing effective law-enforcement and judicial reform, as well as meaningful measures against corruption.

PROSPERITY AND HUMAN CAPITAL DEVELOPMENT



POLICY BRIEF “ECONOMICAL DEVELOPMENT”

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1. Reform objectives and major achievements in 2014-2018

In 2014, Ukraine was on the verge of an economic catastrophe. During the four years of Ex-President Viktor Yanukovich's presidency, the competitiveness of the country has dropped so much that gross domestic product (GDP) stopped growing and export stagnated. The balance of payments deficit increased, yet the National Bank of Ukraine (NBU) supported a fixed exchange rate having lost half its foreign currency reserves in four years. The budget deficit and losses of the state-owned oil and gas conglomerate Naftogaz increased to a record of 10% GDP in 2014.

After many years of inefficient governance, the economy was in dire need of structural reforms. Banking supervision was so poor that half the banks were insolvent or critically undercapitalized and overburdened by related-party lending. State-owned enterprises were directly run by the ministries and “milked” by politicians. Outdated regulation exerted excessive pressure on private companies and made them vulnerable to corruption and racketeering on the part of officials.

Urgent macroeconomic measures in 2014-2015, which were painful in the short term, allowed for a quick resumption of financial stability. Flexible hryvnia exchange rate and inflation

targeting policy were introduced. Reductions in government spending have led to a primary budget surplus after years of high deficits. Legislative changes ensured the independence of the National Bank. These measures allowed restoring macroeconomic stability as early as in late 2015.

Adjustment of household gas tariffs was a key reform that made it possible to balance the budget. Introduction of a uniform gas price for households and enterprises based on import parity not only allowed Naftogaz to become profitable, but also blocked access to the main source of political corruption. This also made Ukraine less dependent on Russian gas.

Cleaning up the banking system was painful. More than 80 banks were withdrawn from the market, and the largest bank – PrivatBank – was nationalized and capitalized with more than UAH 150 billion. The liability of bank owners and managers increased significantly, and banking oversight was enhanced and became more resistant to corruption.

The most important reforms implemented after 2016 was the introduction of automatic VAT refunds. For years, honest Ukrainian exporters faced uncertainty and corruption in refunding their VAT, while for the shady people this was not a problem. But in 2017, automatic reimbursement was eventually introduced along with a system of automatic blocking of tax invoices.

2. Key challenges to reform implementation

Other structural reforms were less successful. In 2017, the government classified all state-owned enterprises into the following groups: those that are subject to privatization and those that remain state-owned. In 2018, a new privatization law was adopted. State-owned enterprises were divided into large and small ones. Large state-owned enterprises were supposed to be sold with the assistance of investment advisers, and small ones were supposed to be sold through the electronic ProZorro.Sale system. In August 2018, small privatization was successfully launched. However, since 2014, no major entity has been sold.

Land reform has stalled. The moratorium on the sale and purchase of agricultural land, established in 2001, has not been lifted, and a necessary legal framework for the creation of a market is absent.

3. Reform perception and public expectations

Due to intimidation by reform opponents as well as the overall lack of confidence in Government, economic reforms have weak public support. Instead, populist ideas appeal to Ukrainians.

For example, according to a survey conducted by Kantar TNS for the Center for Economic Strategy, 90% of respondents believe that state regulation of food and drug prices will improve their welfare, and 74% have the same opinion about retirement age decrease.

By contrast, according to another survey conducted in the autumn of 2017, land reform was supported by a mere 32% of citizens, and privatization - by 30%, while the share of opponents of these reforms was twice as high.

At the same time, a more detailed analysis of these surveys gives more grounds for optimism. Arguments against populist moves reduce their support by respondents. Instead, the specific components of "unpopular" reforms are supported by the majority of respondents, including

those who do not support the reform as a whole.

This suggests the potential for economic reforms support if they are implemented by the government that will be trusted by citizens.

4. Connection to Ukraine's international cooperation

Economic reforms are one of the priorities of the international partners of Ukraine. They are both conditions for official government financial support and a key focus of international technical assistance.

At the same time, the above survey data demonstrate the need to focus international assistance to Ukraine on explaining the benefits of reforms to the citizens and the fight against established myths.

5. Key reform objectives for 2019–2023

The growth of investments is a key task and a mechanism for promoting Ukraine's economic development. An important prerequisite here is to preserve macroeconomic stability, which is impossible without a responsible fiscal and politically independent monetary policy.

Is expected that the following reforms could give a nudge to investment-based economic growth:

- 1.** Open agricultural land market - the adoption of a law regulating the sale of agricultural land and thus lifting the moratorium.
- 2.** Privatization of all large state-owned enterprises which are allowed to be sold in particular, state-owned banks, and a significant reduction of the list of state-owned enterprises which are prohibited for privatization. Independent supervisory boards should be established at all large state-owned enterprises. Parliament should adopt a new law on empowerment and increase the political independence of supervisory boards.
- 3.** Simplification and optimization of customs procedures, establishment of the institute of the authorized economic operator. This will make Ukrainian companies more competi-

tive in global value chains.

4. Reform of the fiscal service and establishment of financial intelligence service which will replace the tax police and numerous crime fighting units in law enforcement agencies. The goal is to create a tax and customs service that is friendly and transparent, as well as financial intelligence service that will apply analysis rather than force. Employees of these new services need to be employed after a complete integrity check. It is necessary to establish competitive salaries for them by introducing personal responsibility, and reduce their number through processes automation.
5. Liberalization of capital movement and regu-

lation of foreign exchange transactions. New law on currency transactions was adopted in 2018, it gave the National Bank the freedom to regulate them by its decisions. This freedom should be used to make Ukraine more open to capital movements and trade in line with EU practice.

Implementation of these reforms will make Ukraine more attractive both for foreign and for domestic investments, and will also contribute to the growth of the economy by 5-7% annually over a long period of time. In addition, it will make the Ukrainian economy more resistant to crises. Together, these steps will help bring Ukraine's welfare closer to the level of the new EU member states.



POLICY BRIEF “ENERGY REFORM”

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1. Reform objectives and major achievements in 2014-2018

Ukraine’s challenges in the energy sector were strategic and multilayered: transparency, accountability, competition, security, and others. One of the key achievements of this time was the adoption of a whole set of legislation and by-laws in accordance with the European integration commitments of Ukraine. At the same time, the country has approached the necessity of implementing changes in practice, which will become a test both for new legislative conditions and for the energy sector in its current state.

Energy independence from Russia

Ukraine has completely changed its approach to gas imports. First, the country reduced, and since 2016¹ it has completely abandoned supplies from Russia. In 2018, Ukraine bought gas from 18 European suppliers, none of which accounted for more than 30% of the supply². Also, Ukraine has reduced consumption, and is seeking to increase its own gas production. In addition, the government began to encourage the transition to alternative fuels by providing “warm loans” and setting tariffs for heat from alternative sources at 90% of the cost of such supply on gas.

Formation of Energy Markets

The Law on the Natural Gas Market was adopted in 2015. As of April 1, 2015, all energy prices for household consumers have increased

exponentially to reach the market level. This increased the burden on consumers, but allowed for changing approaches to subsidies in the sector, in particular, abandoning cross-subsidization in favor of the targeted support. At the same time, the introduction of a formula-based approach to the calculation of prices for household consumers requires more independence and consistency.

The Law on the Electricity Market was adopted in 2017. Since then, a number of by-laws have been adopted and some of them are still being prepared. An agreement on accession to the ENTSO-E was signed in 2017.

Independent Energy Regulator

The Law of Ukraine “On the National Commission for State Regulation of Energy and Public Utilities” was adopted in 2016. The law reinforced the Commission’s ability and created a path for independence. During the first competitive recruitment of the requisite regulator’s members in 2018, five out of seven members were selected. The competition for the other two vacancies is currently blocked.

Energy Efficiency of Buildings

Key legislation has been adopted: the Law of Ukraine “On the Energy Efficiency of Buildings”, the Law of Ukraine “On the Energy Efficiency Fund”, the Law of Ukraine “On Commercial Accounting for Thermal Energy and Water Supply”, and the Law on Energy Service Companies. Since 2015, housing cooperatives and individ-

¹ Import of natural gas to Ukraine in 2008-2016. Naftogaz-Europe. — Electronic source: <https://naftogaz-europe.com/article/ua/NaturalGasSuppliestoUkraine>

² In 2018, Ukraine purchased 10.6 billion cubic meters of gas from the European direction. Naftogaz Group. - Electronic source: <http://www.naftogaz.com/www/3/nakweb.nsf/0/2AFFDE2203E7BBA3C22583900050CD59?OpenDocument&year=2019&month=01&nt=Новини&>

uals have been able to receive government assistance by obtaining a loan for the introduction of energy-efficient measures (the “warm loans” program).

2. Key challenges to reform implementation

The challenges facing Ukraine during the reform process are of both an infrastructural and a conceptual nature. The outdated infrastructural challenges were supplemented by resource access issues. Dependence on Russia³ for energy supply was weaponized by the neighboring country. In 2014, Ukraine was cut off from its largest coal reserves remaining on the occupied territories of Donbas.

Prolonged artificial maintenance of low energy prices for decades has led to excessive energy consumption and has secured a place for Ukraine among the most energy intensive economies in the world. Corruption, a lack of transparency and secrecy, inherent in the sector, provided many opportunities for shadow revenues and schemes.

3. Reform perception and public expectations

The GFK survey, as part of the USAID Transparent Energy Project (2018), found that a mere 12% of Ukrainians indicate that they are fully informed about energy, 50% of them are aware of the general level, and 30% of them are insufficiently informed⁴. Respondents who are interested in energy supply do this first and foremost to understand how tariffs are formed, or to learn how to save on their bills. However, most people associate high tariffs with corruption in the energy sector. Thus, the main expectations of Ukrainians include savings on their household budgets (in particular, due to energy-resource savings) and eradicating corruption in the industry.

4. Connection to Ukraine’s international cooperation

The two main international instruments for advancing reform are the Protocol Concerning the Accession of Ukraine to the Treaty Establishing the Energy Community, as well as the EU-Ukraine Association Agreement. In addition to industry areas, these documents focus on transparency, competition, efficiency, etc. The Association Agreement lists the directives and regulations, in particular, in the gas, electricity, oil, energy efficiency, and environmental sectors, which Ukraine must implement and incorporate into its own legislation.

There are also a number of sectoral agreements. In 2017, Ukrainian state-owned company Ukrenergo signed “Agreement on the conditions for the future integration of power systems of Ukraine and Moldova with the continental Europe grid”. This should mark the beginning of integration of Ukraine’s united power system into that of continental Europe.

5. Key reform objectives for 2019–2023

Further implementation of energy reform should focus on the following six principles:

- 1. Availability and energy efficiency.** Provide consumers with energy resources at affordable prices, following the principles of vulnerable consumer protection, energy efficiency and mitigating the negative impact on the environment. Promote full and proper energy accounting. Develop energy management and monitoring systems at the municipal level. Ensure proper state support for energy efficiency measures for the population.
- 2. Energy markets competitiveness.** Establish competitive energy markets with open access for new players and integration with pan-European markets. For natural monopolies, it is necessary to ensure effective independent

³ Pavlenko O. The European Union and Ukraine: Cooperation for the Strengthening of Energy // DiXi Group, February 2016. – Electronic source: https://www.eesc.europa.eu/resources/docs/energy_ukr.pdf

⁴ Ukrainians do not have enough knowledge about energy – polls // Ukrainian Power Engineering, January 2019. – Electronic resource: <http://ua-energy.org/uk/posts/ukraintsiam-ne-vystachaie-znan-pro-enerhetyku-opytuvannia>

regulation. Control over the quality of energy resources and services.

3. Cancellation of state grants and subsidies. Price setting in energy markets on the basis of supply and demand balance, while rejecting state subsidies in the sector. Introduction of proper monetization of subsidies for the population.
4. Transparency and openness. Ensure the sector functions transparently, including proper natural resource management, as well as proper and comprehensive data disclosure.
5. Improve policy coordination. Ensuring coherence between strategic documents and key industry institutions. Establish effective interaction and promote good governance

among all state institutions responsible for the development and implementation of public policy in the sector. Integration of energy and environmental strategies, encourage emission reductions by energy producers. Availability and sustainable implementation of public policies. Ensuring the proper implementation of European legislation in all energy sectors.

6. Energy independence. Increase domestic energy production. Develop an appropriate dialogue with the communities from mining regions and promote social development. Develop renewable energy sources as a generation priority. Ensure sustainable and efficient use of energy infrastructure, in particular the gas transmission system.



POLICY BRIEF “REFORM OF ENVIRONMENTAL CONTROL SYSTEM”

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1. Reform objectives and major achievements in 2014-2018

Environmental control is an instrument to protect the environment and prevent negative pollution consequences. The task of eco-control reform was to eliminate the disadvantages through which this tool practically does not work. The purpose of environmental control is to monitor business activity rather than protect the environment.

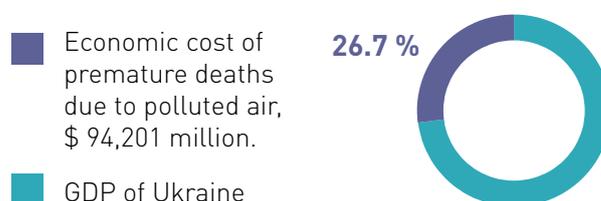
The State Ecological Inspection of Ukraine (SEI) acts as a fiscal authority. Eco-control is used to exert pressure on businesses and as an instrument of corruption. Due to shortcomings in the control procedure, it is inoperative and does not ensure environmental protection. It affects the lives, health of people and the economy (Fig.1), as well as the business climate of the country. According to the World Health Organization, in 2016, Ukraine ranked 4th in Europe by the number of deaths per 100,000 people as a result of air pollution¹.

In 2014-2018, authorities made a number of decisions, which, however, did not eliminate control deficiencies. The actions of state authorities seem inconsistent.

In 2016-2017, the government developed and

Fig.1. Economic cost of premature deaths due to polluted air. Percentage of GDP, 2010

Source: WHO, European Union and Organisation for Economic Co-operation and Development research on the cost of ambient and household air pollution



adopted the Concept of the Eco-Control Reform², which envisages liquidating the SEI in 2017. In 2017-2018, instead of liquidating the SEI, the government adopted a new Regulation on SEI³ and reorganized its bodies from regional to district ones. Such reorganization can negatively affect the efficiency of control.

In 2018, the Ministry of Ecology and Natural Resources developed a draft law⁴ that establishes the State Environmental Protection Service (SEPS) instead of the SEI. That is, a body whose main goal is to provide administrative services will be created to replace the control body⁵. The draft law assigns certain control powers to local self-government bodies. This creates additional

¹ China tops WHO list for deadly outdoor air pollution // The Guardian. – Electronic source: <https://www.theguardian.com/environment/2016/sep/27/more-than-million-died-due-air-pollution-china-one-year>

² The Order of the Cabinet of Ministers of Ukraine “On Approving the Concept of Reforming the System of State Supervision (Control) in the Field of Environmental Protection” of May 31, 2017. – Cabinet of Ministers of Ukraine. – Electronic source: <https://zakon.rada.gov.ua/laws/show/616-2017-%D1%80>

³ Resolution of the Cabinet of Ministers of Ukraine “On Approval of the Regulation on the State Ecological Inspection” of April 19, 2017. – Cabinet of Ministers of Ukraine. – Electronic source: <https://zakon.rada.gov.ua/laws/show/275-2017-%D0%BF>

⁴ Draft Law on the State Environmental Protection Service of Ukraine. – Verkhovna Rada of Ukraine. – Electronic source: http://w1.c1.rada.gov.ua/pls/zweb2/webproc4_1?pf3511=65005

⁵ If most functions of the central executive body are performed by the functions of providing administrative services to individuals and legal entities, the central executive body is formed as a service, par. 2 pt.2 art. 17 of the Law “On Central Executive Bodies”. – Electronic source: <https://zakon.rada.gov.ua/laws/show/3166-17>

corruption risks: the body that manages natural resources will control these activities. Solutions that eliminate deficiencies in the control procedure and corruption risks were not adopted. The draft law does not take into account Constitutional provisions and is not in line with other legislative acts⁶.

2. Key challenges to reform implementation

Reform implementation is affected by a financing gap and the impact of the interests of stakeholders, in particular:

- The reform envisages concentration of eco-control functions in one body. The authorities that will be deprived of these functions are opposed to this, impeding the elimination of duplication of powers;
- Providing the new body with the necessary resources (office equipment, transport, laboratory equipment, salary increases, etc.) requires significant funding;
- SEI elimination involves the dismissal of employees. The new body is not planning to hire old employees, which, on the one hand, causes dissatisfaction among eco-inspectors, and on the other hand creates a problem in finding a new professional staff;
- The reform is affected by the business lobby and the public which will benefit when control is not effective, as they generate income through the illegal use of natural resources and/or environmental pollution.

3. Reform perception and public expectations

The majority of the population believes that the environment directly affects life and health⁷ and is therefore interested in the quality of the environment. Environmental protection is a priority reform in the opinion of 42% of citizens⁸. However, the population's attention to the reform is low. Mostly it is the expert community that is interested in the reform. Moreover, a mere 5% of respondents trust central authorities in solving environmental issues⁹, and 66% believe that the government is not doing enough to protect the environment¹⁰.

4. Connection to Ukraine's international cooperation

Environmental control system reform began when the EU-Ukraine Association Agreement entered its force. It sets the priority of preventing environmental damage. Concerning European integration, it is necessary to implement the EU directives on control in the field of air protection, industrial pollution, waste management, the use of GMOs, ozone-depleting substances, etc. The EU provides financial support for the Agreement's implementation. To implement the control reform, the Ministry of Ecology and Natural Resources has a Reform Support Team (RST), which drafted a law on the State Environmental Protection. The RST is funded by the European Bank for Reconstruction and Development.

⁶ Conclusion of the Main Scientific and Expert Directorate 06.03.2019. - Electronic source: http://w1.c1rada.gov.ua/pls/zweb2/webproc4_1?pf3511=65005

⁷ Does the state of the environment affect human life and health: the opinion of Ukrainians. - Environment-People-Law, January 2019. - Electronic source: <http://epl.org.ua/eco-analytics/chy-vplyvaye-stan-dovkillya-na-zhyttya-i-zdorov-ya-lyudyny-dumka-ukrayintsiv/>

⁸ Ecological portrait of a citizen of Ukraine: comparison with the EU and recommendations. Analytical Paper, p.37 - Resource and Analytical Center "Society and Environment", September 2018 - Electronic source: <http://www.rac.org.ua/uploads/content/485/files/envprotraitandeu2018.pdf>

⁹ Ecological portrait of a citizen of Ukraine: comparison with the EU and recommendations. Analytical Paper, p.26 - Resource and Analytical Center "Society and Environment", September 2018 - Electronic source: <http://www.rac.org.ua/uploads/content/485/files/envprotraitandeu2018.pdf>

¹⁰ Ecological portrait of a citizen of Ukraine: comparison with the EU and recommendations. Analytical Paper, p.20 - Resource and Analytical Center "Society and Environment", September 2018 - Electronic source: <http://www.rac.org.ua/uploads/content/485/files/envprotraitandeu2018.pdf>

5. Key reform objectives for 2019–2023

The reform should be based on the principle of preventing damage to the environment. To this end, the reform should include:

- A transition from environmental control to environmental protection and damage prevention;
- Elimination of deficiencies in the control procedure that make it inefficient and inoperative (the need to inform the subject of the date and time of an inspection, the need to receive applications for control measures, obtain consent for inspection from a higher government body, etc.);
- Elimination of corruption risks (reduce control and supervision functions, eliminate duplicated and discretionary powers, etc.);
- Ensuring the body’s independence from the Ministry of Ecology and Natural Resources, and establishment of an extensive network of its territorial bodies;
- Providing the body with the necessary resources, in particular those used to carry out laboratory tests.

Also, to ensure high-quality control system, the following changes should be implemented:

- Reform environmental monitoring (increase

the number of monitoring indicators, create an open online database with monitoring indicators, etc.);

- Establish of a general supervisory body (check the quality and legality of the control body’s activities);
- Liability reform (ensure of administrative liability, measures of a criminal and legal nature for legal entities, and increase the degree of responsibility);
- Raise public environmental awareness, including representatives of the authorities;
- Reform the way how environmental funds are being used (fines, compensation for environmental damage, etc. should be spent on environmental protection only).

Implementation of these tasks will have an impact on the governmental bodies that are provide environmental protection control, as well as will change the environment for both sound businesses and those polluting the environment. The reform will have an impact on the population affected by pollution and on citizens who illegally exploit natural resources. The reform should have a positive impact on Ukraine’s sustainable development and on damage prevention to the environment, as well as reduce budget expenditures to eliminate the consequences of pollution.



POLICY BRIEF “HEALTHCARE REFORM”

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1. Reform objectives and major achievements in 2014-2018

Ukraine has set an ambitious target – a systemic healthcare reform aimed at creating a patient-centered system that can provide all Ukrainian citizens with healthcare at the level of developed European countries.

In accordance with the implementation of the National Healthcare Reform Strategy in Ukraine for 2014-2018:

- Financing mechanisms for primary healthcare facilities have been changed. A “money-follows-the-patient” principle has been introduced. The National Health Service of Ukraine (NHSU), the single national purchaser of healthcare services, has been created;
 - Autonomization of primary healthcare facilities has been initiated and established. These changes were experienced both by ordinary Ukrainians who can freely choose a physician at healthcare facilities of all forms of ownership, regardless of their place of residence or official registration, and primary healthcare physicians, whose wages in some instances have been increased 4 times. About 97% of primary healthcare facilities have concluded contracts with NHSU;
 - Medication procurement procedures have been changed: since 2015, public procurement at the national level is carried out with the assistance of specialized international organizations that assisted to save almost 39% of the funds allocated by the state;
 - The Affordable Medicine Program has been approved and successfully implemented:
- throughout 2018, patients received drugs worth more than UAH 1 billion, under 19 million prescriptions (in October 2018, WHO positively assessed the implementation of the drug reimbursement program). As of April 1, 2019, the program has been moved under NHSU responsibility. Healthcare workers began to prescribe and dispense the Affordable Medicine according to electronic prescriptions, and drugstores started receiving payments for drugs under direct contracts with NHSU. From April to mid-June this year, 2,322,821 electronic prescriptions have been issued within the program;
- A state-owned commercial enterprise “Medical Procurement of Ukraine” has been established; this institution’s aim is to adopt the experience of successful procurement with the participation of international organizations and disseminate their best practices at the national as well as the regional level;
 - An eHealth system has been implemented. The eHealth central database administrator currently is the state-owned enterprise “Electronic Health”. Ultimately, the electronic health system will ensure the digitalization of all medical information. Computerization among the primary healthcare institutions which concluded contracts with NHSU has increased from 3% to 92%;
 - The development of a public health system has been launched, which provides a basis for reorientation of healthcare from the treatment-oriented policy to the policy focused on prevention and strengthening/preservation of human health. Twelve regional public health centers have been created;

- A pilot project for the development of emergency medical care has been launched in 6 regions of Ukraine; additional UAH 1 billion has been allocated for this project;
- Changes in medical education have been initiated; in particular, the threshold for admission to institutions with medical specialties has been set; the Resolution of the Cabinet of Ministers of Ukraine on the introduction of a single state qualification examination for doctors has been adopted.

2. Key challenges to reform implementation

Since the launch of the healthcare reform, some political forces have repeatedly made efforts to discredit the reform program and block a number of fundamental innovations. Multiple critical statements of some authoritative representatives of the healthcare branch and political forces contributed to the creation of mistrust and negative attitude to the reform among the population and healthcare community. These actors also continue to threaten the implementation of the reform at the specialized and highly specialized healthcare provision levels.

The main threats are the change in the political vector of the state development and healthcare in particular; failure to complete the structural reorganization of the healthcare branch at the outpatient and inpatient levels; insufficient financing of the reform programs from the state and local budgets; a possible attempt to return to corruption schemes of medicine procurement.

3. Reform perception and public expectations

Sociological researches of recent years show that prolonged depression of the healthcare branch has formed a persistent stereotype of disbelief in the possibility of reforming the healthcare system of Ukraine. At the same time, among all the reforms currently being conduct-

ed in the country, Ukrainians are most aware of the transformation of the health care system (GfK Ukraine and Q&Q Research, July 2018).

The number of those who do not believe in the success of reforms is falling. The most perceptible understanding of the reform, both by the population and by healthcare workers, is observed in those areas where the reform programs are confirmed by practical implementation and results. This is, first of all, the primary healthcare level.

The medical community's main expectations of the reform concern the improvement of the working conditions, updating the material and technical facilities, increasing not only wages but also the prestige of the profession, the widespread use of innovative technologies in routine medical practice.

Patients prioritize access to quality medical services, a clear list of services guaranteed by the state at all levels of healthcare, developed infrastructure and provision of medications procured by the state.

4. Connection to Ukraine's international cooperation

Strengthening the healthcare system of Ukraine and raising its potential, particularly through the implementation of the reforms, is the part of the commitments under the EU-Ukraine Association Agreement.

The healthcare reform is carried out according to Ukraine's international commitments and with the support of reputable international organizations and programs (the World Bank, SDC, USAID, UN, EU, EDGE, UKAID etc.). **For example:**

- In order to implement international cooperation, on the one hand, and eradicate corruption, on the other hand, since 2015, the Ministry of Health has started to purchase medicines and medical products through international organizations such as the United Nations Development Program, UNICEF and Crown Agents, the British procurement agency;

- USAID-funded international technical assistance projects are being implemented in the areas of public health, healthcare financing reform, and the development of the electronic healthcare system;
- Long-term projects in the field of medical education and mental health development are being implemented with the support of the Swiss Agency for Development and Cooperation;
- The project “Support to Ukraine for Developing a Modern Public Health System” is going to be implemented with the EU support.

5. Key reform objectives for 2019–2023

Reforming the healthcare system is a fundamental change in its organizational and economic principles of governance in line with market conditions and European standards. The current stage is a transitional one in the active implementation phase. Although a lot has already been done, “the point of no return” has not been achieved yet.

Therefore, the next steps of the reform that have to be taken to ensure its continuation and irreversibility are the following:

- Complete the introduction of new financial mechanisms based on the “money-follows-the-patient” principle at the primary healthcare level and implement them at the level of specialized and highly specialized medical care (outpatient and inpatient levels);
- Institutionalize the “patient pathway”: visiting specialized doctors and receiving other services free of charge is to be based on the family doctor’s prescription only;
- Approve the medical guarantees program for all levels of healthcare;
- Ensure full electronic workflow in the healthcare system;
- Complete the reform of medications and medical products procurement; introduce a

single stock system to track the route of purchased medicines and medical products;

- Complete the development of the public health system and divide the functions and mandates between the government, the Ministry of Healthcare of Ukraine (MOH) and other authorities in the public health system;
- Ensure the conditions for the implementation of the State Policy Strategy for Healthy and Active Longevity of the Population until 2022;
- Implement European approaches to epidemiological surveillance, which will cover both infectious diseases and non-communicable diseases; improve the mechanism of infection control and surveillance;
- Realize a non-communicable disease control plan and implement activities related to European integration, in particular, the implementation of EU directives on transplantation, blood safety, and tobacco control;
- Create a network of biological safety centers at the MOH of Ukraine on the basis of the One Health concept;
- Continue active immunization measures involving all levels of authorities in order to ensure a high level of population immunization in the framework of the national security plan;
- Ensure the implementation of the rural healthcare development program;
- Ensure the institutional implementation of the emergency medical care reform; adopt the Good Samaritan Law;
- Ensure the implementation of the International Classification of Functioning, Disability and Health (ICF) and launch a full-fledged rehabilitation and disability reform (MSEC);
- Reform the patent system and ensure conditions for free competition in the market of medicines and medical products;
- Reform the under- and post-graduate medical education system on the basis of the

modern medical science and evidence-based medicine achievements;

- Introduce a system of professional licensing for doctors;
- Ensure the development of medical self-government as an institution that regulates the quality of medical services and protects the rights of healthcare workers;
- Ensure the involvement of non-governmen-

tal organizations in providing healthcare and social services, as well as provide financing for these services, from local budgets in particular;

- Continue active cooperation with the public sector, actively involving NGOs in the decision-making process and implementing prompt and transparent communication regarding the healthcare system transformation.

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