Report on implementation of the Association Agenda and the Association Agreement between the European Union and Ukraine

2015

Secretariat of the Cabinet of Ministers of Ukraine
Government Office for European Integration
The Association Agreement and Association Agenda (AA) between the European Union and Ukraine envisage monitoring and assessment of implementing these documents, which parties can conduct jointly or separately.

This report is the assessment prepared by the Ukrainian side, and provides an overview of the most important activities and results in implementing the Association Agenda and Association Agreement, which were planned and accomplished in 2015, as well as other significant development related to the European integration policy.

The purpose of the report is to inform citizens of Ukraine, representatives of non-governmental organizations and the international community, including the EU institutions and its Member States, on Ukraine's progress in implementing the goals of political association and economic integration with the EU in order to facilitate broad public discussion and analysis of the government authorities’ actions.

The structure of the report follows the structure of the Association Agenda, and is supplemented by other relevant information, including the organization of the Association Agenda and Association Agreement implementation.

The report was prepared based on the analysis of information, submitted by nearly sixty government authorities engaged in implementation of the respective tasks, and taking into account discussion of the respective Report for January – October 2015 with the public, including representatives of the Ukrainian part of Civil society platform Ukraine – EU and the National Platform of Civil Society Forum of the Eastern Partnership.

Furthermore, the report provides information on attracting international technical assistance projects to implement the tasks in the field of European integration and the Association Agreement, and gives examples of the successful use of such assistance in the Ukrainian reform process.

The report also summarizes the expert assessment by the Government Office for European Integration of the draft laws, which are under consideration of the Verkhovna Rada of Ukraine, related to the priorities of the Association Agreement implementation, especially regarding the FTA and sectoral cooperation, in terms of their compliance with the Agreement and the EU law.

The report also outlines major further activities planned

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1 Regarding results in certain areas, the information is provided as of February 1, 2016
2 The updated AA was endorsed by the Ukraine-EU Association Council on March 16, 2015
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Priorities of the Association Agenda

Constitutional reform

➢ The Verkhovna Rada preliminary approved the following draft Laws of Ukraine:
  o «On Amendments to the Constitution of Ukraine (relating to the decentralization of power)» (reg. № 2217a);
  o «On Amendments to the Constitution of Ukraine (in the part of justice)» (reg. № 3524).

Election reform

➢ The following Laws of Ukraine are adopted:
  o «On Local Elections» (№ 595-VIII);
  o «On Amendments to Certain Laws of Ukraine Relating to Organization of the First Elections of Deputies to Local Councils and Heads (Mayors) of Villages, Settlements and Cities» (№ 676-VIII);
  o «On Amendments to Certain Legislative Acts of Ukraine Relating to Prevention and Counteraction of Political Corruption» (№ 731-VIII);
  o «On Amendment to Article 87 of the Budget Code of Ukraine (relating to political party financing)» (№ 732-VIII).

➢ On October 25, 2015, the elections of deputies to the local councils and heads/mayors of villages, settlements, towns and cities took place in Ukraine, and were positively assessed by the international observers.

Preventing and combating corruption

➢ The following institutions responsible for preventing and fighting corruption are being established:
  o National Anti-Corruption Bureau of Ukraine;
  o National Agency for the Prevention of Corruption;
  o Specialized Anti-Corruption Prosecutor’s Office.

➢ The following Laws of Ukraine are adopted:
  o «On Amendments to Certain Legislative Acts of Ukraine to Ensure the Functioning of the National Anti-Corruption Bureau of Ukraine and the National Agency of Ukraine for the Prevention of Corruption» (№ 198-VIII); «On Amendments to Article 216 of the Criminal Procedure Code of Ukraine Relating to Clarification of Jurisdiction of the National Anti-Corruption Bureau of Ukraine» (№ 628-VIII);
  o «On Amendments to Certain Legislative Acts of Ukraine in connection with the adoption of the Law of Ukraine «On the National Anti-Corruption Bureau of Ukraine» (№ 630-VIII);
- «On Amendments to Certain Laws of Ukraine to Enhance Transparency in the Sphere of Ownership Relations in Order to Prevent Corruption» (№ 597-VIII);
- «On Amendments to the Criminal Procedure Code of Ukraine Relating to Certain Issues on Seizure of Property to Eliminate Corruption Risks in its Application» (№ 769-VIII);
- «On Amendments to Certain Laws of Ukraine Related to the Access to Public Information in the Form of Open Data» (№ 319-VIII);
- «On Amendments to the Criminal and Civil Codes of Ukraine Relating to Improving an Institute of Special Confiscation to Eliminate Corruption Risks in its Application» (№ 770-VIII);
- «On Amendments to the Criminal Procedure Code of Ukraine following recommendations of the European Union on Ukraine’s implementation of the Action Plan on Visa Liberalization Relating to Clarification of the Jurisdiction of Pre-trial Investigation Bodies» (№ 771-VIII);

- The State Program for 2014 – 2017 on Implementation of the Principles of the State Anti-Corruption Policy in Ukraine (Anti-Corruption Strategy) was adopted.

- The draft Law of Ukraine «On Amendments to the Constitution of Ukraine (relating to the immunity of the MPs and judges)» was elaborated (reg. № 1776).

**Judicial reform**

- The following Laws of Ukraine are adopted:
  - «On Ensuring the Right to a Fair Trial» (№ 192-VIII);
  - «On Amendments to the Law of Ukraine «On Public Prosecutor’s Office» (relating to improvement and peculiarities of applying certain provisions)» (№ 578-VIII).
- The Reform Strategy of the judiciary, judicial process and related legal institutions for 2015-2020 was adopted.
- The Concept of Judicial Reform was approved.
- The following draft Laws of Ukraine are approved in the first reading:
  - «On Enforcement Proceedings» (reg. № 2507a);
  - «On Agencies and Officers that Exercise Enforcement of Decisions of Courts and Other Agencies» (reg. № 2506a).

**Public administration reform**

- The Law of Ukraine «On Civil Service» (№ 889-VIII) is adopted.
- The draft Law of Ukraine «On Service in Local Self-government Bodies» (reg. № 2489) is approved in the first reading.
The draft Strategy on Public Administration Reform in Ukraine 2015 – 2020 and the draft Action Plan on its implementation for 2015 – 2017 were elaborated.

**Deregulation**

*Creation of a better business environment in Ukraine*

- Procedures of monitoring and scientific supervision in subsoil use were cancelled.
- The procedure for registration of the international systems of Internet payment (PayPal, ApplePay, GoogleWallet, etc.) was simplified.
- Physical removal of IT companies’ servers by regulatory authorities was forbidden.
- Working conditions for Ukrainian freelancers who work with foreign clients were simplified.
- The mandatory registration of food technology factsheets for running restaurant business was abolished.
- The procedure of state registration of imported baby food and dietary supplements was canceled.
- The mandatory quarantine certificate was canceled.
- The time for issuing quarantine and phytosanitary certificates was shortened (from 5 to 1 day).

**Simplification of procedures for setting up business**

- The term for registration business of no more than 2 days was ste up.
- The period of time for registration of foreign companies’ offices was reduced in half: from 60 to 30 working days.
- The procedure for state registration of entrepreneurs simultaneously with the submission of information for registration of such persons as taxpayers was introduced.
- The requirements for collecting a registration fee for the state registration of a legal entity and a physical person-entrepreneur were canceled.

**Simplification of licensing procedures**

- The number of types of economic activity subject to licensing was shortened from 56 to 30.
- The list of licensing authorities was reduced from 33 to 26.
- The principles of distance, particularly, e-licensing were set up.
- The possibility of granting licenses for certain types of economic activity at the local level was introduced.
- It was prohibited to demand from business entities the information, which is already contained in state registers.
- Free access through Internet to the Unified State Register of legal entities and physical persons-entrepreneurs was ensured.
The issue of permit documents through the centers for providing administrative services was introduced.

Increasing the level of legal protection for business entities

- An institute of Business ombudsman was established.
- An institute of the Commissioner for entrepreneurship was established.

Public services

- The online portal of government services iGov.org.ua is launched.
- The Ministry of Justice introduced provision of certain services online: regarding issuance of extracts from Registers of legal and physical persons and the Register of rights to immovable property, as well as regarding registration of legal entities and individual entrepreneurs.

Public procurement reform

- The Law of Ukraine «On Amendments to Certain Public Procurement Legislative Acts Relating to Bringing them in Compliance with International Standards and Taking Measures to Fight against Corruption» was adopted (№ 679-VIII).
- The Law of Ukraine «On Public Procurement» was adopted.
- A Strategy of reform of the public procurement system in Ukraine (Roadmap) for 2015 – 2032 has been drafted.
- The pilot system of electronic public procurement «ProZorro» has become operational.

Tax reform, including VAT refunds

- The Law of Ukraine «On Amendments to the Tax Code of Ukraine relating to Improvement of the Administration of Value Added Tax» was adopted (№ 643-VIII).
- Conceptual approaches to tax reform in Ukraine were elaborated.

External audit

- The Accounting Chamber of Ukraine received additional powers for control over the State budget revenues (the Law of Ukraine № 274-VIII).
- A new version of the Law of Ukraine «On the Accounting Chamber» was adopted (№ 576-VIII).
- Methodological recommendations on conducting financial audit by the Accounting Chamber of Ukraine were endorsed.

Energy sector reform:

- The following Laws of Ukraine are adopted:
  - «On the Natural Gas Market» (№ 329-VIII);
In order to implement the new Law on the Natural Gas Market, a number of regulations and by-laws were approved by the Cabinet of Ministers of Ukraine and NEURC.

The draft Law of Ukraine «On Amendments to the Customs Code of Ukraine Relating to Creation of Preconditions for a New Model of Natural Gas Market» (reg. № 3074) is approved in the first reading.

The following draft Laws of Ukraine are elaborated:

- «On Amendments to Certain Legislative Acts of Ukraine to Ensure Conditions for the Functioning of the Natural Gas Market» (reg. № 3325);
- «On the National Commission for State Regulation of Energy and Public Utilities» (reg. № 2966);
- «On the Electricity Market».

The Plan to reform the gas sector, which provides for restructuring of the «Naftogaz of Ukraine» until 2017 was approved (Resolution of the Cabinet of Ministers of Ukraine № 375-p).

**Political Dialogue**

**Strengthening local and regional self-government and decentralization**

- The following Laws of Ukraine are adopted:
  - «On Principles of the State Regional Policy» (№ 156-VIII);
  - «On Voluntary Amalgamation of Territorial Communities» (№ 157-VIII);

**Reform of internal affairs bodies**

- The following Laws of Ukraine are adopted:
  - «On Amendments to Certain Legislative Acts of Ukraine Relating to the Reform of Internal Affairs Bodies» (№ 193-VIII);
  - «On the National Police» (№ 580-VIII);
  - «On Probation» (№ 160-VIII);
  - «On the State Bureau of Investigation» (№ 794-VIII).

- The following draft Laws of Ukraine were elaborated:
- «On Provision of Services and Service Centres of the Ministry of Internal Affairs of Ukraine» (reg. № 2567);

**Human rights and fundamental freedoms**

- The National Human Rights Strategy was approved (Decree of the President of Ukraine № 501).
- An Action Plan on implementation of the National Human Rights Strategy until 2020 was drafted.
- The following draft laws of Ukraine are approved in the first reading:
  - «On Amendments to the Law of Ukraine "On Pre-trial Detention" Relating to Implementation of Certain Standards of the Council of Europe» (reg. № 2291a);
  - «On Amendments to the Criminal Procedure Code of Ukraine Relating to Improving Guarantees of Access of Prisoners, and Persons Taken into Custody, to the Court» (reg. № 2255a);
  - «On Amendments to the Criminal Procedure Code of Ukraine Relating to Serving a Sentence in Form of Imprisonment» (reg. № 2253a).
- The following draft laws were elaborated:
  - «On Amendments to Certain Legislative Acts of Ukraine Relating to Ensuring Enforcement of Criminal Penalties and Realization of the Rights of Prisoners» (reg. № 2490a);

**Ensuring democratic standards on freedom of expression**

- The following Laws of Ukraine are adopted:
  - «On Amendments to Certain Legislative Acts of Ukraine Relating to Strengthening Guarantees of Legitimate Professional Activity of Journalists» (№ 421-VIII);
  - On Reforming State and Municipal Printed Media (№ 917-VIII).
- The draft of a new Law of Ukraine «On Television and Radio Broadcasting» was elaborated.

**Cooperation in the field of foreign and security policy**

- Agreement between the Cabinet of Ministers of Ukraine, the Government of the Lithuanian Republic and the Government of the Republic of Poland on the establishment of a joint military unit is ratified (the Law of Ukraine № 143-VIII).
- Administrative agreement between the Ministry of Defence of Ukraine and the European Defence Agency is signed.
Ratification of the Rome Statute of the International Criminal Court

- The draft Law of Ukraine «On Amendments to Article 124 of the Constitution of Ukraine (relating to acceptance of the ICC jurisdiction under the Rome Statute)» (reg. № 1788) was elaborated.

Justice, Freedom and Security

Liberalization of visa regime

- EU expert missions took place to assess implementation of the Action plan on EU Visa Regime Liberalization for Ukraine (spring, autumn 2015):
  - EC prepared Sixth report on Ukraine's progress in implementing the Action Plan to liberalize the EU visa regime for Ukraine.
- Passports for travel abroad, diplomatic and service passports of Ukraine with contactless electronic device are issued in Ukraine.
- Foreign diplomatic institutions of Ukraine issue passports for travel abroad with contactless electronic device.
- 610 terminals for biometric identification are purchased, and software for terminals issuing biometric passports is developed. Information and communication infrastructure for the Unified Information-Analytical System on Management Migration is being created.

Cooperation on border management, migration and asylum

- The Action Plan of the joint operational organization of the state border with the EU Members States - Poland, the Slovak Republic, Romania, Hungary and the Republic of Moldova is approved (Resolution of Cabinet of Ministers of Ukraine № 695).
- Direct access to Interpol databases is obtained.
- The following draft documents were developed:
  - Strategy of the Development of the State Border Service of Ukraine;
  - Concept of the State targeted law enforcement program «Organisation and Reconstruction of the State Border» until 2020.

Cooperation in fighting against trafficking of drugs, psychotropic substances and precursors

- The Public Institution «Ukrainian Medical and Monitoring Centre on Drugs and Alcohol of the Ministry of Health of Ukraine» resumed its work.

Ensuring rights and freedoms of internally displaced persons

Procedures for acquiring the status of registered unemployed persons by IDPs, their registration and re-registration, and receiving social services at employment centres have been simplified.

**Market access for goods**

- The following instruments have been developed:
  - Mechanism (terms of reference) for application of special safeguard measures on the basis of entry prices;
  - Mechanism (terms of reference) for application of special safeguard measures, stipulated by the Association Agreement, with respect to certain types of goods subject to export duties.
- Specific safeguard measures on import into Ukraine of passenger cars, regardless of their country of origin and export, were cancelled.
- Temporarily introduced surplus import duty was abolished (the Law of Ukraine № 912-VIII).

**Technical regulation**

- The Law of Ukraine «On Technical Regulations and Conformity Assessment» (№ 124-VIII) was adopted.
- The Strategy for development of the technical regulation system until 2020 and the Action plan for the Strategy implementation were endorsed.
- In line with European practice, the national authority on standardization has been designated.
- Mandatory certification has been cancelled for 16 categories of goods (fuel, pipes, pipefittings and small-sized tractors, and light industry products).

**Sanitary and Phytosanitary Measures**

**Legislation approximation**

- The Law of Ukraine «On the By-products of Animal Origin Not Intended for Human Consumption» (№ 287-VIII) was adopted.
- The following legislative acts were adopted:
  - «On Amendments to Certain Laws of Ukraine Relating to Bringing Ukrainian Legislation on Seeds and Seedlings in Compliance with European and International Norms and Standards» (the Law of Ukraine № 864-VIII);
The amendments to the Law of Ukraine «On the By-products of Animal Origin Not Intended for Human Consumption» were adopted in the first reading (reg. № 2150a).

The Comprehensive strategy for implementation of legislation in the sphere of sanitary and phytosanitary measures was drafted.

**Customs and Trade Facilitation**

- From January 1, 2016 – the date of **provisional application** of the Deep and Comprehensive Free Trade Area (DCFTA):
  - the Ukrainian customs authorities began issuing certificates EUR.1 for goods of the Ukrainian origin to be exported to the EU member states in the framework of the Agreement;
  - the Procedure for control over the use of tariff quotas was enacted.
- Amendments to the Customs Code of Ukraine were developed, relating to:
  - unification of requirements to the Authorized Economic Operator with the same requirements in the EU legislation;
  - introduction of simplifications similar to the European ones (custom clearance at the location, simplified declaration procedure, reduction of the guarantee amount in application of financial guarantees);
  - protection of intellectual property rights when moving goods across the customs border of Ukraine.
- The information on unused volume of tariff quotas in the framework of DCFTA has been published online on the website of the State Fiscal Service of Ukraine (SFS).
- Protocol on Amendments to the Marrakesh Agreement Establishing the World Trade Organization regarding Ukraine's accession to the WTO Agreement on Trade Facilitation was ratified (the Law of Ukraine № 745-VIII).

**Establishment of business, trade in services and e-commerce**

- The Law of Ukraine «On Electronic Commerce» (No. 675-VIII) was adopted;
- The draft Law of Ukraine «On Electronic Trust Services» was developed (reg. № 2544a).

**Intellectual property**

- The following draft Laws of Ukraine were elaborated:
  - «On Amendments to Certain Legislative Acts of Ukraine Relating to Resolving the Issues of Copyright and Related Rights in the Internet» (Reg. No. 3353);
  - «On Collective Management of Property Rights of the Copyright and Related Rights Subjects»;
  - «On Amendments to Certain Legislative Acts of Ukraine Relating to the Intellectual (Industrial) Property»;
«On Amendments to Certain Legislative Acts of Ukraine (Relating to Enhancing Protection of Intellectual Property Rights)».

**Competition**

- The following Laws of Ukraine were adopted:
  - «On Amendments to Budget Code of Ukraine Relating to Decisions of the Authorized Body on State Aid» (No. 416-VIII);
  - «On Amendments to Certain Legislative Acts to Ensure Transparency in Activity of the Antimonopoly Committee of Ukraine» (№ 782-VIII);
  - "On Amendments to the Law of Ukraine "On Protection of Economic Competition" Relating to Improving Efficiency of Control over Economic Concentrations".

- The draft Law of Ukraine «On Amendments to the Legislation on Protection of Economic Competition Concerning Determination by the Antimonopoly Committee of Ukraine of the Amounts of Penalties for Violation of Legislation on Protection of Economic Competition» (reg. № 2431) was approved in the first reading. Recommendations/Guidelines on clarification concerning application of provisions of the second and fifth parts of Article 52 of the Law of Ukraine «On Protection of Economic Competition», and the first and second parts of Article 21 of the Law of Ukraine «On Protection Against Unfair Competition» were published.

**Economic and Sector Cooperation**

**Energy sector**

*Integration of energy markets and enhancing energy security*

- The reverse gas supplies from Europe, particularly from Poland, Slovakia, and Hungary were renewed.

- The Financial Agreement between Ukraine and the European Investment Bank regarding implementation of the Project "Reconstruction, Capital Repair and Technical Re-equipment of the Main Gas Pipeline “Urengoy – Pomary – Uzhgorod” was ratified (the Law of Ukraine № 603-VIII).

*Energy efficiency*


- The National Energy Efficiency Action Plan until 2020 was approved (Resolution of the Cabinet of Ministers of Ukraine № 1228).

- The draft law on amendments to the Law of Ukraine «On Alternative Fuels» is developed (reg. № 3330).
Banking sector

- The following Laws of Ukraine were adopted:
  - «On Amendments to Certain Legislative Acts of Ukraine Relating to Building Capacity of the National Bank of Ukraine» (№ 541-VIII);

Company law and corporate governance

- The following draft laws of Ukraine were elaborated:
  - «On Amendments to the Law of Ukraine "On Accounting and Financial Reporting in Ukraine» (reg. № 2486a);
  - «On the Audit of Financial Statements and the Audit Activity».

Statistics

- The draft Law of Ukraine «On Amendments to Certain Laws of Ukraine on Regulation of the State Statistical Activity» (relating to enhancing the coordination role of the State Statistics Service of Ukraine in the National Statistical System) has been developed (reg. № 3512);
  - The Concept on Ensuring Statistical Confidentiality has been endorsed;
  - Methodological guidelines for structured surveys of insurance companies have been endorsed;
  - The State Statistics Service, the State Fiscal Service and the National Bank of Ukraine published a joint Clarification regarding possible discrepancies in their data on foreign trade in goods and services.

Cooperation in transport sector

- The following draft Laws of Ukraine were elaborated:
  - «On the Railway Transport» (new edition) (reg. № 3650);
  - «On Bringing Ukrainian Road Transport Sector Legislation in Accordance with the European Union Acts» (reg. № 3713);
  - «On Amendments to the Law of Ukraine «On Postal Services».
  - A number of regulatory acts on simplifying conditions for doing business in Ukrainian seaports and on improving rules and procedures for transportation of dangerous goods were adopted.
  - Preparatory measures for establishment of the public joint stock company «Ukrainian Railways» have been completed.

Environment

- The Protocol on strategic environmental assessment to the Convention on environmental impact assessment in a transboundary context was ratified (the Law of Ukraine No. 562-VIII).
The following draft Laws of Ukraine were elaborated:
  o «On Environmental Impact Assessment»;
  o «On Strategic Environmental Assessment».

An Intended Nationally Determined Contribution (INDC) of Ukraine to a new Global climate agreement was approved.

The Concept on introducing in Ukraine the greenhouse gas (GHS) emissions trading scheme was developed.

**Education**

A number of resolutions of the Cabinet of Ministers of Ukraine and decisions of the Ministry of Education and Science of Ukraine were adopted, necessary for implementation of the Law of Ukraine «On Education», as well as for bringing the education system in line with European practice, particularly on the autonomy of educational institutions.

**Cooperation on youth policy**

The Concept of the State Social Programme «Youth of Ukraine» for 2016-2020 was approved (Resolution of the Cabinet of Ministers of Ukraine № 1018).

The draft Law of Ukraine «On Amendments to Certain Laws of Ukraine (relating to recognition of informal education)» was elaborated (reg. № 2121).

**Cooperation in science and technology**

The following documents were ratified:
  o the Agreement (in form of exchange of notes) between Ukraine and the European Union on the renewal of the Agreement between Ukraine and the EU on scientific and technological cooperation (the Law of Ukraine № 602-VIII);

The new edition of the Law of Ukraine «On Scientific and Scientific-Technical Activity» (№ 848-VIII) was adopted.

The requirement to the projects, which are implemented within the agreements on Ukraine's participation in the EU international programs, for mandatory sale of foreign currency was cancelled.

**Social policy**

The following Laws of Ukraine were adopted:
  o «On the External Labor Migration» (№ 761-VIII);

The draft of the Law of Ukraine «On Amendments to Certain Legislative Acts of Ukraine Relating to Employment of Disabled People» was elaborated (Reg. No. 2322a).
Industry and entrepreneurship

➢ The moratorium on inspections by regulatory authorities of enterprises, institutions and organizations, individual entrepreneurs has been extended until the end of 2016.

Financial services

➢ The Comprehensive Programme for the development of the financial sector in Ukraine until 2020 was approved.

➢ The legislative proposals aimed at building institutional capacity of the regulators in consolidating the functions of regulation and supervision over the financial services market have been developed.

Public health

➢ In order to implement health care reform, the following draft Laws of Ukraine were elaborated:

  o «On Amendments to Certain Legislative Acts of Ukraine Relating to Improvement of Healthcare Legislation» (reg. № 2309a);

  o «On Amendment to Subparagraph 4 of Paragraph XX of «Transitional Provisions» of the Tax Code of Ukraine Relating to Improvement of Healthcare Legislation» (reg. № 2310a);


Culture

➢ The Agreement on Ukraine's participation in the EU program «Creative Europe» was signed by Ukraine and the EU. The Verkhovna Rada of Ukraine has ratified this Agreement.

➢ Ukraine joined the International Research Center for Conservation and Restoration of Cultural Values (the Law of Ukraine № 720-VIII).

Sport and Physical Education

➢ The Concept of the State Social Programme on the Development of Physical Education and Sport until 2020 was approved (Resolution of the Cabinet of Ministers of Ukraine № 1320).

➢ The Anti-doping Rules of the National Anti-doping Center were established.

➢ Ukraine signed the Council of Europe Convention on the Manipulation of Sports Competitions.

Agriculture and development of rural territories

➢ The Concept on the development of rural territories was adopted (Resolution of the Cabinet of Ministers of Ukraine No. 995).
Cross-Border cooperation

- The draft Law of Ukraine «On Amendments to Certain Legislative Acts of Ukraine Relating to Euroregional Cooperation Groupings (ECGs)» (reg. № 2787) was elaborated.
I. ORGANISATION OF THE AGREEMENT IMPLEMENTATION, MONITORING AND ASSESSMENT

Internal mechanism for implementation of the Agreement and coordination of European integration process

In order to ensure the proper implementation of the Association Agreement and policy coordination in the field of European integration, the following actions have been done:

- The Cabinet of Ministers of Ukraine defined the areas which are relevant for the European integration and which are under the direct supervision, control and coordination of the Cabinet of Ministers;
- Approval of the mechanism for coordination of central government executive authorities and its activity in the field of European integration;
- Establishment of the Government Office on European Integration and the definition of its competences;
- Introduction of positions of Deputy Ministers on European integration;
- Establishment of working groups aimed at implementing the Agreement and supporting the Association Subcommittees;
- The monitoring and organizational components of the Government Office have been enhanced by entrusting it with functions of the Secretariat on the Ukrainian side of the Association bilateral bodies (Association Council and Association Committee) and its subcommittees.

From now and onwards, the key challenge is to develop institutional capacity. In particular, adoption and proper implementation of practical tools for policy analysis, impact assessment, and approximation of legislation as well as trainings for civil servants involved in the implementation of the Association Agreement.

In early 2016, with the EU support, a technical assistance project "Support for the implementation of the EU-Ukraine Association Agreement" (2016-2018) was launched within the framework of the Comprehensive Institution Building Programme.

The project foresees an allocation of the EU assistance for the implementation of four components of the Comprehensive Institutional Building:

- Approximation of the legislation and policy implementation. For instance, the introduction of modern tools and procedures in order to achieve the integrated system of legislative approximation and policy implementation; the elaboration of the

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1 The Resolution of the Cabinet of Ministers of Ukraine of August 13, 2014 № 346 (p. 3).
3 The Resolution of the Cabinet of Ministers of Ukraine of May 27, 2014 № 157 on establishment of the Government Office for European Integration (GOEI).
5 The Resolution of the Cabinet of Ministers of Ukraine of July 8, 2015 № 646. Also see Figure 1 «Implementation of the Agreement: operational level».
6 The Resolution of the Cabinet of Ministers of Ukraine of December 10, 2014 № 700 and the Resolution of the Cabinet of Ministers of Ukraine of July 8, 2015 № 646.
modern IT systems for institutional management; and the preparation of the certified
translation of EU legal acts into Ukrainian;

- **Human Resources Development**, in particular the elaboration and implementation of comprehensive training programmes for civil servants;

- **Policy development and coordination** aimed at implementing the Association Agreement. In particular, the introduction of tools, specific systems and skills for policy coordination and implementation taking into account the Association Agreement as well as the provisions of the EU acquis;

- **Public relations**: development of the communication system with the public on European integration matters.

In addition, the abovementioned project will also include a component aimed at attracting and training a new generation of experts in European integration.

**Figure 1 «Implementation of the Agreement: operational level»**
Bilateral bodies of the EU-Ukraine Association Agreement

1) The bilateral institutions of the Association Agreement will conduct supervision, assessment and monitoring of the implementation of the Agreement. These institutions are the following:

- **The Summit**, the highest level of political and policy dialogue between the Parties. The Summit provides overall guidance for the implementation of the Agreement as well as an opportunity to discuss any bilateral or international issues of common concern. The first EU-Ukraine Summit in the framework of the Agreement took place on 27 April 2015. Following the summit, the Parties released the joint statement.

- **The Association Council** (Articles 461 – 466) supervises and monitors the implementation of the Agreement as well as reviews periodically the functioning of the Agreement in the light of its objectives.

The first meeting of the Association Council of the EU-Ukraine Association Agreement was held on December 15, 2014 in Brussels. In order to ensure the proper work of the bilateral institutions of the EU-Ukraine Association Agreement, the Parties adopted the following Decisions:

- On adoption of the rules of procedure of the Association Council, the Association Committee and its Sub-committees (№ 1/2014);
- On establishment of two sub-committees – Sub-Committee on freedom, security and justice and Sub-Committee on economic and sector cooperation (№ 2/2014);
- On the delegation of certain powers by the Association Council to the Association Committee in Trade configuration (№ 3/2014).

The vision for further development of the relations in the framework of the EU-Ukraine Association Agreement was expressed in the joint press-release.

The second meeting of the Association Council was held on December 7, 2015. The meeting confirmed the willingness of the Parties to start provisional application of the Association Agreement in terms of a Deep and Comprehensive Free Trade Area from January 1, 2016 as well as continue cooperation in energy security sector. The Parties discussed the prospects of fulfilment of the second phase of the Visa Liberalisation Action Plan for Ukraine, further extension of Ukraine’s involvement in the EU programs and initiatives, as well as the results of the European Neighbourhood Policy review. The Administrative Agreement between the Ministry of Defence of Ukraine and the European Defence Agency was signed in the framework of the meeting.

The key results of discussions and agreements achieved by the Parties were expressed in the joint press release.

- **The Association Committee** assists the Association Council in the performance of its duties; it is composed of representatives of the Parties, mainly at senior civil servant level; and chaired in turn by a representative of Ukraine and a representative of the EU.

The first meeting of the Association Committee was held on July 13-14, 2015.

As part of the Association Committee meeting, the Parties discussed a wide range of issues of political, trade-economic and sectoral cooperation. The Parties also assessed the implementation of the EU-Ukraine Association Agreement, which is the road map for the implementation of reforms in Ukraine. In addition, the Ukrainian side, together with the European counterparts defined the priorities of effective cooperation in order to accelerate the Ukraine’s political
association and economic integration with the EU.

The Association Committee holds meetings in a specific configuration to address all issues related to Title IV (Trade and Trade-related Matters) of the Agreement. The Association Committee meets in this configuration at least once a year. The first meeting of the Association Committee held in special configuration is expected in the first quarter of 2016.

**Organization of work by the Ukrainian side of Association Council and Association Committee are determined by relevant acts of the Government of Ukraine.** In particular:

- **The Resolution of the Cabinet of Ministers No 700 of December 10, 2014** defines that agreement implementation, preparation of meetings, implementation of decisions and recommendations of the Association Council, the Association Committee and its Subcommittees have to be discussed at special meetings of the Cabinet of Ministers on European integration, and at the Government Committee on European integration.

- The same Resolution establishes the composition of the government delegations, which take part in the meetings of the bilateral bodies - the Association Council, the Association Committee and its Sub-committees.

- **The Resolution of the Cabinet of Ministers of March 4, 2015 No 84** regulates the publication of decisions and recommendations of the Association Council and the Association Committee and its Sub-Committees on the government portal and the newspaper «Official Bulletin of Ukraine».

**Sub-committees, established under the Agreement, assist the Association Committee**

On December 15, 2014 the Association Council on took a decision to set up two subcommittees: Subcommittee on freedom, security and justice and Subcommittee on economic and sector cooperation.

Because of the [first meeting of the Association Committee](#) (13-14 July 2015 Brussels) the meetings of the Subcommittee on economic and sector cooperation are agreed to be held according to the jointly identified clusters. Thus, the Subcommittee’s meetings should be focused on the key issues assigned to the Sub-Committee.

- Cluster 1: Macro-economic cooperation; Management of public finances: budget policy, internal control and external audit; Statistics; Accounting and auditing; Anti-fraud and control provisions;

- Cluster 2: Industrial and enterprise policy; Mining and metals; Tourism; Space; Company law and corporate governance; Consumer protection; Taxation;

- Cluster 3: Energy cooperation, including nuclear issues; Environment, including climate change and civil protection; Transport;

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7 The members of the Association Council are Ministers, and the members of the Association Committee – Deputy Ministers on European integration, the Deputy Minister of Economic Development and Trade – Trade Representative of Ukraine, Deputy Heads of other central government executive authorities, to the functions of which belong the issues of implementation of the Agreement.

8 The Resolution of the Cabinet of Ministers of Ukraine of March 4, 2015 No 84 on publication of decisions and recommendations of the Association Council and the Association Committee.

9 The decision of the Association Council of December 15, 2014 No 2/2014 on the establishment of subcommittees.
o Cluster 4: Cooperation in science and technology; Information society, Audio-Visual policy; Education, training and youth; Culture; Cooperation in the field of sport and physical activity;

o Cluster 5: Agriculture and rural development; Fisheries and maritime policy; Danube river; Cross-border and regional cooperation;

o Cluster 6: Cooperation on employment, social policy and equal opportunities; Public health.

In addition, the Agreement establishes:

o Subcommittee on Geographical Indications (GI);

o Subcommittee on Sanitary and Phytosanitary Management (SPS);

o Subcommittee on Customs;

o Subcommittee on Trade and Sustainable Development.

The abovementioned sub-committees are enabled from January 1, 2016 with the provisional application of Title IV of the Agreement «Trade and Trade-related Matters».

The Resolution of the Cabinet of Ministers of Ukraine of July 8, 2015 № 646 «On organization of the Subcommittees of the Association Committee in the framework of the EU-Ukraine Association Agreement» approved the procedure for the organization of the subcommittees of the Association Committee.

Under the guidance of the Association Committee and in order to organise the subcommittees’ work there have been established working groups\(^\text{10}\). The working groups consist of the members of Government Office for European Integration, of the Ministry of Foreign Affairs as well as other government agencies.

Up to date, the following committees and clusters held meeting:

o Subcommittee on freedom, security and justice (July 23-24, 2015);

o Cluster 1 of the Subcommittee on economy and sectoral cooperation (energy, transport, environmental protection and climate change) (September 28-29, 2015);

o Cluster 3 of the Subcommittee on economics and sectoral cooperation (macroeconomic cooperation, public financial management, budgeting, internal control and external audit, statistics, accounting and fight against fraud) (October 8-9, 2015).

Until the provisional application of the Deep and Comprehensive Free Trade Area (DCFTA) on 1 January 2016 (Title IV «Trade and Trade-related Matters» of the Agreement), the Parties agreed to continue the work of the two Subcommittees that had been established under the Partnership and Cooperation Agreement between Ukraine and the EU. These are the Subcommittee on trade and investment, the Subcommittee on entrepreneurship policy and competition and the Subcommittee on customs and cross-border cooperation\(^\text{11}\).

**Ukraine-EU Parliamentary Association Committee** is a forum for members of the Verkhovna Rada of Ukraine and the European Parliament for folding meetings and exchange views.

\(^{10}\) However, these working groups are not de jure "Ukrainian parts" of bilateral bodies. Their main tasks include organizing and evaluation the activities in the field of their powers (under the Agreement) and preparing the issues for consideration at the Government committee meetings. Therefore, these groups are interagency assistant bodies.

\(^{11}\) The meeting of the Subcommittee on customs and cross-border cooperation was held on October 15, 2015 and the meeting of the Subcommittee on trade and Investment was held on November 11, 2015.
The Parliamentary Association Committee consists of members of the Verkhovna Rada of Ukraine and the European Parliament.

**First meeting of the Parliamentary Association Committee** was held on February 24-25, 2015, second – on November 4-5, 2015. During the session, MPs and representatives of the executive bodies and civil society discussed the key issues of implementation of the Association Agreement and the bilateral relations. Final Statements were adopted in conclusion of the meeting.

Also, according to Articles 469-470 of the Agreement established **Civil Society Platform** – civil society joint body, consisting of representatives of trade unions, employers’ organizations, civil society organizations and representatives of European Economic and Social Committee.

Provided that the Association Committee and Parliamentary Association Committee will carry out regular contacts with representatives of civil society platforms in order to obtain their views on the objectives of the Agreement.

Off Meeting of the Civil Society Platform was held on April 16, 2015. During the meeting the Rules of the Civil Society Platform was adopted and the cooperation mechanism between Ukrainian and European parts was formed.

The Ukrainian Part of Civil Society Platform consisting of representatives of trade unions, employers’ and civil society organizations, as well as coordinators of thematic working groups (totalling 15 people) was formed on December 18, 2015 during the annual Assembly.

**Planning, and policy documents**

1) The Parties shall ensure the implementation of the Agreement that in accordance with Article 486 of the Agreement will be applied provisionally from 1 November 2014 until its entry into force.

On January 1, 2016, a provisional application of section IV «Trade and trade related issues» of the Agreement started.

2) **The Association Agenda**

The Association Agenda is a common practical instrument aimed to prepare and facilitate the full implementation of the Ukraine - EU Association Agreement, taking into account the structure of the institutional framework, as set up in the Agreement.

Ukraine and the European Union define the priorities for the Association Agenda, which complement the responsibilities of the Parties in accordance with the Association Agreement for its full implementation.

The updated Association Agenda outlined ten short-term reform actions, that Ukraine should address as a matter of priority in the areas of political reform, reform of the judiciary, election reform, anti-corruption, public administration, energy, deregulation, public procurement, taxation and external audit.

The Association Agenda is a key instrument for monitoring and assessment of the Ukraine’s progress in implementation of the Association Agreement, including the achievement of the overall objectives of political association and economic integration. Assessment of the

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12 Updated on March 16, 2015 by the Recommendation of the Ukraine-EU Association Council, which has been endorsed in the form of Exchange of Letters. See also the Resolution of the Cabinet of Ministers of Ukraine dated on March 13, 2015 № 207 on approval of the Recommendations of the Ukraine-EU Association Council on implementation of the Association Agenda between Ukraine and the EU.
Association Agenda implementation will be carried out on an annual basis. The European Union will assist Ukraine in implementing the objectives and priorities set out in the Association Agenda by using all available sources of EU support, and by sharing expertise and advice, best practices and “know how”.

3) The Association Agreement, Association Agenda and other commitments of Ukraine in the sphere of European integration form the basis for Ukraine’s public policy strategic documents.

Objectives and measures to implement the Agreement and other commitments in the sphere of European integration are defined in the following main program and organizational documents of the Government:

- **The Cabinet of Ministers of Ukraine Action Programme**, the plan on its implementation, and on implementation of the Sustainable Development Strategy «Ukraine – 2020» in 2015\(^\text{13}\) are aimed at reforms in the areas that are key for the implementation of the Agreement, as well as provide direct task on implementation of the Agreement;

- **Action Plan on the implementation of the Agreement for 2014-2017**\(^\text{14}\) (Resolution of the Cabinet of Ministers dated September 17, 2014 № 847), which foresee over 490 short- and medium-term tasks in all areas of cooperation between Ukraine and the EU defined by Agreement.

Review of the Action Plan for the implementation of the Agreement is launched, primarily to specify the tasks related to the implementation of the trade part of the Agreement; in particular, its public discussion was performed. Action Plan update will be finalized after the evaluation of the Action Plan implementation in 2015.

- **Plans for implementation of the EU legislation acts**. Plans adopted for detailed scheduled implementation of legislation on the EU, defined by the Association Agreement and Action Plan for its implementation. 37 resolutions of the Cabinet of Ministers of Ukraine were adopted to approve 150 plans to implement 219 EU legislative acts.

**Figure 2 «Strategic documents in the sphere of Ukraine’s European integration policy»**

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\(^\text{13}\) The Ordinance of the Cabinet of Ministers of Ukraine dated on March 4, 2015 № 213.

\(^\text{14}\) The Ordinance of the Cabinet of Ministers of Ukraine dated on September 17, 2014 № 847.
According to the approved plans, work on implementation of EU legislative acts foresees not only approximation aspect but also institutional, organizational measures and appropriate consultations with stakeholders.

This approach should ensure consistency and transparency in implementation of Ukraine's commitments foreseen by the Association Agreement, effective monitoring of EU legislation implementation.

**Monitoring, reporting and assessment**

- **Mechanism of joint monitoring and evaluation** provided by the Agreement and Association Agenda.

The Association Council, accompanied by the Association Committee and sub-committees, provides control and monitoring of the application and execution of the Agreement. Monitoring (Article 475 of the Agreement) means continuous evaluation of the execution and implementation progress of all activities covered by the Agreement. It will also include evaluating the approximation of Ukraine's legislation to the EU law, including aspects of the execution and implementation of relevant regulations.

Agreement and Association Agenda provides that the parties can conduct monitoring and evaluation both jointly and separately.

- **Cabinet of Ministers of Ukraine established the system of reporting, monitoring and evaluation** of the implementation of the Agreement and the Association Agenda. Complex approach in this system is being implemented through compliance of the basic principles of proper planning and coordination in execution of tasks defined by the program documents:
  - clear determination of the terms of reporting as a basis for coordinated and planned work;
  - applying unified requirements to the content and format of information on the state of Agreement implementation, Action Plan, Association Agenda and implementation plans of EU legislation as well as other program, legal acts of the Government, ministries and other executive authorities;
  - setting up of the reporting process not only as a mechanism of monitoring and evaluation, but also for further planning, including amending program documents, clarification of the content of the planned activities;
  - primary concentration on qualitative indicators of activities execution, including a proper evaluation of the implementation effects, a comprehensive reforming of defined fields and execution of Agreement’s obligations;
  - transparency, openness, accountability, involvement of a wide range of stakeholders including the public, specialized expert NGOs, businesses, etc. in the planning, implementation and evaluation of activities, to find the most optimal ways for execution of obligations.
The results on implementation of the Agreement and Association Agenda are shown in public documents prepared by the Governmental Office for European Integration on the data of executive authorities and other sources. On the government website following documents particularly prepared and posted:

- Quarter detailed report on Implementation of the Association Agenda and the Association Agreement between the EU and Ukraine
- Monthly digest which contains information about the most important events and results of the Association Agenda priorities.

In order to implement the agreements reached within the framework of the Association Committee (13-14 July 2015) the information on the Agreement implementation is preparing before the joint sessions of bilateral bodies.

In 2015, such information was prepared, published and passed to the EU in the context of preparation of:

- Sub-committee on «Justice, Freedom and Security» (July 23-24)\textsuperscript{15};
- Cluster 1 (28-29 September) and cluster 3 (8-9 October) of Sub-committee «The economy and other sectoral cooperation».

Monitoring and evaluation of Ukraine Association Agenda implementation carried out by EU through preparing annual reports on the implementation of the European Neighbourhood Policy\textsuperscript{16}.

The Ukrainian side takes into account the recommendations of the EU in monitoring and evaluation of the Agreement and the Association Agenda as well as adjustment tasks with the implementation of relevant commitments.

\textsuperscript{15} On the Visa Liberalization Action Plan implementation.

\textsuperscript{16} European Commission and High Representative of the Union for Foreign Affairs and Security Policy report on «Implementation of the European Neighbourhood Policy in Ukraine Progress in 2014 and recommendations for actions» was published on March 25, 2015.
II. IMPLEMENTATION OF THE ASSOCIATION AGENDA PRIORITIES

In the first part of Section III of the Association Agenda Ukraine and the EU defined short-term reform actions that should be addressed as a matter of priority. Assessment of the progress in implementing priority actions is made, based on the content of tasks set out by the Association Agenda.

1. Constitutional reform

The aim is to re-start the constitutional reform through an inclusive and participatory process including active consultations with civil society and in line with the Venice Commission recommendations, including legislative steps towards amending the constitution, enabling decentralisation reform and the reform of the judiciary.

Certain progress was made in implementing constitutional reform.

- The Constitutional Commission, which was established in March 2015, and three working groups set up within the Commission worked out proposals on amendments to the Constitution in the part of decentralization of power and local self-government, judicial reform, and human rights.

The Constitutional Commission is a special subsidiary body of the President of Ukraine. The main tasks of the Constitutional Commission are: to generalize practice of implementation of the Constitution of Ukraine and proposals for its improvement with regard to current challenges and the needs of society; to work out agreed proposals for carrying out the constitutional reform and to ensure their broad public and expert discussion.

- On July 1, 2015 the President of Ukraine submitted to the Verkhovna Rada the draft Law of Ukraine «On Amendments to the Constitution of Ukraine (relating to the decentralisation of power)» (reg. № 2217a), prepared by the Constitutional Commission. The draft law received a generally positive opinion of the Venice Commission, and a positive conclusion of the Constitutional Court of Ukraine, which stated that it complied with the provisions of Articles 157 and 158 of the Constitution.

On August 31, 2015 the draft Law of Ukraine «On Amendments to the Constitution of Ukraine (relating to the decentralisation of power)» was preliminary approved by the Verkhovna Rada of Ukraine.

The law provides for introducing changes to the administrative-territorial structure of Ukraine; abolishing positions of heads of the local state administrations; establishing executive bodies of local self-government communities; introducing an institution of prefects to oversee observance of the Constitution and laws of Ukraine by local self-government authorities.

Detailed infographics on decentralisation reform is posted on the web-site «Decentralisation of power» (http://decentralization.gov.ua/infographics).
On November 25, 2015 the President of Ukraine submitted to the Verkhovna Rada of Ukraine draft amendments to the Constitution of Ukraine in the part of justice (reg. № 3524).8

On February 1, 2016, the Constitutional Court made a positive conclusion on the draft amendments.

On February 2, 2016 the Verkhovna Rada of Ukraine preliminary approved the draft Law of Ukraine "On Amendments to the Constitution of Ukraine (relating to justice)."

To implement the tasks of this Association Agenda priority, the Ukrainian side has attracted expert and financial assistance of the following projects:

- «Decentralization Support in Ukraine» – DESPRO (Swiss Confederation), project budget – 9.27 mln CHF for the period: 01.05.2013 – 30.04.2017;
- «Development Initiative for Advocating Local Governance in Ukraine» – “DIALOGUE” Project (USA), project budget – 5.2 mln USD for the period: 11.05.2010 – 08.11.2015;
- «Partnership for Local Economic Development and Democratic Governance» (Canada), project budget – 19.48 mln CAD for the period: 27.03.2015 – 30.06.2021;
- «Reform of municipal services in Eastern Ukraine» (Germany), project budget – 7 mln EUR for the period: 01.01.2010 – 31.12.2015.

### 2. Election reform

The aim is to take steps towards harmonisation of electoral legislation through its unification and reform of political party financing, including state financing. This should be prepared through an inclusive and participatory process in line with the OSCE/ODIHR, GRECO and Venice Commission recommendations, with a first priority given to revision of the law on local elections in view of local elections planned for second half of 2015.

Certain progress was made in reforming election legislation.

#### 2.1 Election legislation

- The Law of Ukraine «On Local Elections» has been adopted.9

The law specifies that the election of deputies to the Verkhovna Rada of the Autonomous Republic of Crimea, oblast, rayon, city, and inner city districts’ councils shall be held under a proportional electoral system in multi-mandate constituencies, based on electoral lists of local organisations of political parties, while fixing candidates in territorial election districts, which

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8 On October 30, 2015, draft amendments to the Constitution of Ukraine in the part of justice were approved by the Constitutional Commission taking into account recommendations of the Venice Commission of October 23, 2015.

9 The Law of Ukraine № 595-VIII.
multi-mandate constituencies are divided into.

Provisions of the Law set the electoral threshold – 5% of votes cast for electoral lists of local organisations of political parties within a multi-mandate constituency, and 7% – for blocs of local party organisations. Elections of deputies to village and settlement councils, elections of city mayors (in cities with a number of voters equal to or more than 90 thousand), heads and village elders, settlement and towns (with a number of voters less than 90 thousand) shall be held under a majoritarian system of the absolute majority of votes in a single-mandate constituency.

According to the Law, local elections will not be held on the temporarily occupied territory of Crimea and parts of Donetsk and Luhansk oblasts.

- The Law of Ukraine «On Amendments to Certain Laws of Ukraine Relating to Organization of the First Elections of Deputies to Local Councils and Heads (Mayors) of Villages, Settlements and Cities» has been adopted. The Law provides for:
  - adjusting the system of local self-government representative bodies to the current legislation;
  - improving a procedure for the voluntary amalgamation of territorial communities, taking into account principles of reforming the system of local elections;
  - conducting the first elections in newly united communities simultaneously with regular local elections of 2015.

- On October 25, 2015, elections of deputies to local councils and heads (mayors) of villages, settlements and cities were held in Ukraine.

At the invitation from the Ukrainian side, 1555 observers from international organisations participated in the monitoring of local elections in Ukraine, including 684 observers from the OSCE Office for Democratic Institutions and Human Rights (OSCE/ODIHR), 57 – from the Council of Europe, and 12 – from the European Parliament.

- On October 26, 2015 the Statement of Preliminary Findings and Conclusions of the International Election Observation Mission (IEOM) on local elections in Ukraine, involving the OSCE Office for Democratic Institutions and Human Rights (OSCE/ODIHR), the Congress of Local and Regional Authorities of the Council of Europe (Congress) and the European Parliament (EP), was released.

According to the conclusions, the elections were competitive, well-organized overall and the campaign generally showed respect for the democratic process.

The Mission has noted:
  - creation of the adequate legal framework for democratic elections;
  - transparency and accuracy of the voting process and counting;
  - appreciation of the activities of the Central Election Commission;
  - transparent functioning of the accreditation of international observers and members of the public.

The Mission stated that the illegal annexation of the Crimean peninsula by the Russian Federation and the temporary control of parts of the territory of the Donetsk and Luhansk oblasts by illegal armed groups made it impossible for a significant portion of the Ukrainian

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10 The Law of Ukraine № 676-VIII.
population to vote.

➢ On October 27, 2015, a Statement by the Spokesperson of the High Representative for Foreign Affairs and Security Policy/Vice-President of the European Commission Federica Mogherini on the local elections in Ukraine was released.

The EU side has underlined that local elections held in Ukraine on October 25 are another important step in the consolidation of the country’s democratic governance, following the Presidential and Parliamentary elections of 2014.

At the same time, it has been noted that additional efforts are needed to further enhance the integrity of and public confidence in the electoral process.

To implement the tasks of this Association Agenda priority, the Ukrainian side has attracted expert and financial assistance of the Project «Strengthening Democratic Parties and Civil Society Organisations» (Canada), project budget – 2.9 mln CAD for the period: 11.03.2015 – 31.08.2017.

2.2 Legislation on political party financing

➢ The Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine Relating to Prevention and Counteraction of Political Corruption” has been adopted\(^\text{11}\), aimed at implementing the recommendations of the Group of States against corruption (GRECO) of the Council of Europe.

The Law, in particular, provides for:

- Public funding of political parties starting from 2017 (through funding of their statutory activities, not associated with participation in the elections, from the State budget on an annual basis, and partial reimbursement of parties’ expenses for carrying out parliamentary election campaigns;
- Accounting of such funds on special party accounts in banks with a simultaneous prohibition for their transfer to election funds;
- Control over legitimate use of public funds by the Accounting Chamber and the National Agency for the Prevention of Corruption.

➢ Another Law of Ukraine has also been adopted – «On Amendments to Article 87 of the Budget Code of Ukraine (relating to political party financing)»\(^\text{12}\). The law provides for ascribing expenditures of statutory activities of political parties to the categories of expenditures made from the State budget of Ukraine, and reimbursement of political parties’ expenses for election campaigning.

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\(^\text{11}\) The Law of Ukraine № 731-VIII
\(^\text{12}\) The Law of Ukraine № 732-VIII
Serious progress was made in elaborating the legislative base for reforming the system of preventing and combating corruption. However, there is little progress on establishing and ensuring proper functioning of a system of institutions to implement anti-corruption legislation.

3.1 Establishing institutions for the prevention and fight against corruption


- The Law of Ukraine «On Amendments to Certain Legislative Acts of Ukraine to Ensure the Functioning of the National Anti-Corruption Bureau of Ukraine and the National Agency for the Prevention of Corruption» has been adopted.\(^\text{13}\)

The Law provides for improving provisions of the newly adopted legislation in the sphere of counteracting corruption and legalisation (money laundering) of incomes obtained in a criminal manner, in particular, in the part of proper functioning of anti-corruption institutions – the National Bureau and the National Agency for the Prevention of Corruption, in order to implement recommendations of the experts of the International Monetary Fund monitoring mission.

National Anti-Corruption Bureau of Ukraine

- The National Anti-Corruption Bureau of Ukraine has been established\(^\text{14}\) as a specialised state law enforcement body, the main functions of which are preventing, detecting, stopping, investigating and solving corruption offenses committed by senior public officials, as well as the prevention of committing new ones. Director of the Bureau appointed on the results of competitive selection.

- Regulation on the Public Board at the National Anti-Corruption Bureau and Procedure for its formation were endorsed.\(^\text{15}\)

The Public board will ensure public control over the activity of the National Bureau, promote its interaction with civil society organisation, and will take part in the formation of a competition commission for selecting candidates to positions in the national Bureau. The composition of the Public board was formed.

\(^{13}\) The Law of Ukraine № 198-VIII
\(^{14}\) Decree of the President of Ukraine № 217 dated April 16, 2015
\(^{15}\) Decree of the President of Ukraine № 272 dated May 15, 2015
Article 216 of the Criminal Procedure Code of Ukraine Relating to Clarification of Jurisdiction of the National Anti-Corruption Bureau of Ukraine has been amended, which authorises detectives of the Bureau to conduct pre-trial investigation of crimes related to declaration of false information by public officials.

The Law of Ukraine «On Amendments to Certain Legislative Acts of Ukraine in connection with the adoption of the Law of Ukraine «On the National Anti-Corruption Bureau of Ukraine» was passed.

The Law, in particular, sets out prohibition for employees of the National Bureau to be members of political parties and limits their participation in the electoral process, and enlists the Bureau as a state agency involved in combating organised crime ensuring the national security.

Competitive selection process of employees to the National Anti-Corruption Bureau is ongoing.

On August 25, 2015 the Competition, commission selected the first 70 detectives, and 25 of them began performing their official duties on 15 September 2015. It is planned to increase the number of detectives up to 170 persons by the end of February 2016.

Under the law, the Bureau shall have 242 positions of detectives.

The National Anti-corruption Bureau became operational after election of anti-corruption Prosecutor – Head of the Specialised Anti-corruption Prosecutor’s Office on December 2015.

To ensure effective work of detectives of the National Anti-Corruption Bureau on the whole territory of Ukraine, territorial branches of the Bureau in Lviv and Odessa were opened on December 10, 2015. It is also planned to open Dnipropetrovsk territorial branch of the Bureau.

The State Budget of Ukraine for 2016 provides funds necessary for the operation of the Bureau.

Memorandum on cooperation and information exchange between the Ministry of Justice, the National Anti-Corruption Bureau and the Ministry of Internal Affairs was signed in order to consolidate efforts regarding prevention, detection, stopping, investigation and solving of corruption crimes.

The document provides for direct access of the newly created institutions, such as the Bureau and the National Police, to the registers and databases of the Ministry of Justice. It will significantly reduce the time to collect the information necessary for the effective pre-trial investigation of anti-corruption cases.

National Agency for the Prevention of Corruption

The Cabinet of Ministers of Ukraine established the National Agency for the Prevention of Corruption as a central government executive authority with a special status.

The National Agency for the Prevention of Corruption, in particular, performs the function of verifying the declarations of all civil servants and their lifestyle, the disclosure of any information coming from the media, civil society about the facts of corruption or abuse of power by senior officials.

The Government has also adopted all normative acts needed for launching the activity of the

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16 The Law of Ukraine № 628-VIII.
17 The Law of Ukraine № 630-VIII.
19 Resolution of the Cabinet of Ministers № 118 dated March 18, 2015.
In order to ensure proper functioning of the Competition commission, which selects candidates for positions at the National Agency for the Prevention of Corruption, the Cabinet of Ministers introduced amendments to a number of regulations, in particular, changes were made in:

- Composition of the Competition commission that selects candidates to positions at the National Agency for the Prevention of Corruption and Regulation on the competitive selection of candidates to the positions at the National Agency for Prevention of Corruption.
- Composition of the inter-agency working group on ensuring functioning of the National Agency for the Prevention of Corruption, and a list of activities for launching its work.

The Competition Selection Commission after two rounds of competition selected 9 candidates out of 53 applicants.

According to legislation, the candidates submitted their documents for a special examination.

On December 11, 2015, the Government appointed three members of the National Agency for the Prevention of Corruption, selected by the competition commission. Filling three out of five vacant positions is sufficient to run the agency.

The competition for the positions of two other members of the National Agency for the Prevention of Corruption is continuing.

To ensure the proper functioning of the National Agency for the Prevention of Corruption, the State Budget of Ukraine for 2016 provides appropriate expenditures.

**Specialised Anti-corruption Prosecutor’s Office**

- The Law of Ukraine “On Amendments to the Law of Ukraine «On Public Prosecutor’s Office» (relating to improvement and peculiarities of applying certain provisions)” has been adopted, which, inter alia, determines the list of administrative positions in the Specialised anti-corruption Prosecutor’s office, and the procedure for appointment to these positions.

- On September 22, 2015, the Prosecutor General of Ukraine by his order established a Specialised anti-corruption Prosecutor’s office (as an independent unit within the structure of the Public Prosecutor’s Office of Ukraine).

On November 30, 2015, based on results of Competition commission’s work on selecting anti-corruption Prosecutor, the Prosecutor General of Ukraine appointed the Deputy Prosecutor General of Ukraine – the Head of the Specialised anti-corruption Prosecutor’s office.

The Head of the Specialised anti-corruption Prosecutor’s office has the first deputy and a deputy.

The Specialised anti-corruption Prosecutor’s office is comprised of departments for procedural guidance and for support of public prosecution and representation in court, as well as divisions for analytical, statistical and documentary support.

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20 Resolutions of the Cabinet of Ministers № 813 dated August 12, 2015, and № 862 of August 28, 2015.
21 Resolution of the Cabinet of Ministers № 578 dated August 12, 2015.
22 Resolution of the Cabinet of Ministers № 626 dated August 28, 2015.
23 The Law of Ukraine № 578-VIII.
According to Article 7 of the Law of Ukraine “On Public Prosecutor’s Office” the structure and staff list of the Specialised anti-corruption Prosecutor's office are agreed with the Director of the National Anti-Corruption Bureau of Ukraine.

According to the Law of Ukraine "On Public Prosecutor's Office", the **Specialised anti-corruption Prosecutor's office shall have the following functions:**

- Supervision over the observance of laws during pre-trial investigations, held by the National Anti-Corruption Bureau of Ukraine;
- Support of public prosecution in the respective proceedings;
- Representation of interests of a citizens or the State in court in cases, stipulated by this Law and related to corruption offenses;

The Head of the Specialised anti-corruption Prosecutor's office appoints prosecutors to the office based on results of an open competition. The competition is held by a Competition Selection Commission, consisting of the Head of the Specialised anti-corruption Prosecutor's office and persons, determined by him/her, and the Prosecutor General.

On December 16, 2015, an open competition for selection of candidates for positions of prosecutors in the Specialised anti-corruption Prosecutor’s office was announced. Documents were admitted during 10 days (from December 18, 2015).

**The competition on selecting candidates for administrative positions** in the Specialised anti-corruption Prosecutor's office is organized and conducted by the Competition Commission (consisting of 4 representatives, proposed by the Council of Prosecutors and 7 representatives, approved by the Verkhovna Rada of Ukraine). On September 21, 2015, the Competition Commission began its work, and it holds its meetings periodically.

However, there were reservations on the part of the public and the EU representatives regarding compliance with the principle of transparency, while electing the management of the Specialised anti-corruption Prosecutor's office, and in particular, related to avoiding politicization of the process and guarantee independence of the selection procedure.

Thus, further changes were made in the composition of the Competition Commission, namely, two representatives of the Prosecutor General of Ukraine were excluded, and two representatives of the public were included.

At present, the Prosecutor General of Ukraine, on recommendations of the Competition Commission and submission of the Head of the Specialised anti-corruption Prosecutor’s office, has made appointments to all administrative positions in the Specialised anti-corruption Prosecutor's office.

### 3.2 Improving legislation in the sphere of prevention and combating corruption

- Following the adoption of the Law of Ukraine «On Principles of the State Anti-Corruption Policy in Ukraine (Anti-Corruption Strategy) for 2014 – 2017», the **Government Program on implementation of the principles of the state anti-corruption policy in Ukraine (Anti-Corruption Strategy) for 2014 – 2017 was endorsed** by the Cabinet of Ministers.\(^{24}\)

In order to perform activities stipulated by the Anticorruption Strategy, the abovementioned Government Program will be reviewed annually, taking into account results of implementation of

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\(^{24}\) Resolution of the Cabinet of Ministers of Ukraine No 265 dated April 29, 2015.
the planned activities, findings and recommendations of the Parliamentary hearings on the national report regarding the state of affairs in fighting corruption.

- The Law of Ukraine “On Amendments to Certain Laws of Ukraine Relating to the Access to Public Information in the Form of Open Data”\(^{25}\) has been adopted. The law aims to ensure realisation of the right of a person to access to information of public interest, transparency in the activities of government and local self-government bodies by introducing a mechanism for disclosure of public information in the form of open data.

- The Law of Ukraine “On Amendments to Certain Laws of Ukraine to Enhance Transparency in the Sphere of Ownership Relations in Order to Prevent Corruption”\(^{26}\) was adopted. The Law provides for easier access to the information contained in the State register of immovable property rights, as well as a free access to the State land cadastre and the Unified State register run by the Interior Ministry and the State Automobile Inspection.

According to the provisions of the Government Program on implementation of Anti-corruption strategy, introduction of electronic declaration system was planned to be accomplished by the end of 2015.

However, launching the electronic system for submission and publication of the declarations of persons authorized to perform the functions of state or local self-government according to the Law of Ukraine “On Prevention of Corruption” was postponed to January 1, 2017 by the Law of Ukraine “On the State Budget for 2016”. Respective changes were made during discussion of the draft law on state budget for 2016 at the plenary session of the Verkhovna Rada of Ukraine.

In order to implement electronic declaration system in 2016, the draft law of Ukraine on the abolition of postponing electronic declaration was submitted to the Verkhovna Rada of Ukraine on January 5, 2016 (Reg. No. 3755).

It should be noted that with the purpose to ensure “on-line” registration of asset declarations, Ukrainian legislation already stipulates the obligation of senior officials to publish their declarations of property, income, expenses and financial liabilities for the previous year on the official website of a relevant public authority or local self-government within 30 days from the date of declarations’ submission and for a period not less than one year.

The Ministry of Justice in cooperation with experts from the World Bank developed the terms of reference for establishing an open electronic Register of assets declarations of government officials, and introducing mechanisms to verify the declarations.

So, the issue of establishing an electronic fiscal control tool regarding the persons authorized to perform the functions of state or local self-government according to the terms of reference for introducing the above mentioned Register\(^{27}\) was settled.

The work is underway to develop appropriate software. It is assumed that such software will allow to submit declarations online and ensure their automatic posting on a single web portal with an open public access.

The Ministry of Justice will test the software to further pass it over to the National Agency for the Prevention of Corruption.

Such measures will ensure openness and transparency of legal relations in the society and increase public control over responsible government officials.

\(^{25}\) The Law of Ukraine № 319-VIII.

\(^{26}\) The Law of Ukraine № 597-VIII.

\(^{27}\) Resolution of the Cabinet of Ministers of Ukraine № 863 dated August 28, 2015
To further improve legislation on preventing and fighting against corruption, the Verkhovna Rada of Ukraine adopted the following laws:

- “On Amendments to the Criminal Procedure Code of Ukraine Relating to Certain Issues on Seizure of Property to Eliminate Corruption Risks in its Application”\(^{28}\). The amendments provided in the Law will allow for:
  - possibility to freeze/seize property of any person, if it can be used as evidence in criminal proceedings;
  - ensure compensation for damage caused by a criminal offense provide compensation for damage caused by a criminal offense;
  - collect into state budget undue benefits.

- “On Amendments to the Criminal and Civil Codes of Ukraine Relating to Improving an Institute of Special Confiscation to Eliminate Corruption Risks in its Application”\(^{29}\). The Law, inter alia, expands the application of special confiscation (only in case of corruption offenses) to all objects of criminal activity.

The Law is aimed to implement the EU Directive 2014/42/EU of the European Parliament and of the Council of 3 April 2014 on the freezing and confiscation of instrumentalities and proceeds of crime in the European Union and to fulfil the recommendations of FATF.

- “On Amendments to the Criminal Procedure Code of Ukraine following recommendations of the European Union on Ukraine’s implementation of the Action Plan on Visa Liberalization Relating to Clarification of the Jurisdiction of Pre-trial Investigation Bodies”\(^{30}\). The purpose of the Law is to establish a clear distinction of criminal jurisdiction between the pre-trial investigation bodies, such as the Ministry of Internal Affairs, the Security Service of Ukraine, prosecutor's institutions, the National Anti-corruption Bureau and the National Bureau of Investigation.

In addition, the Law provides for limiting the powers of the Security Service of Ukraine, in particular its branch on pre-trial investigation of criminal offenses related to national security, defence and terrorism.

To implement recommendations of the Council of Europe's Group of States against corruption (GRECO), the draft Law of Ukraine «On Amendments to the Constitution of Ukraine Relating to the Immunity of the MPs and Judges» (reg. № 1776) was elaborated and submitted to the Verkhovna Rada.

The Verkhovna Rada on February 5, 2015 passed on the draft law to the Constitutional Court for the conclusion on its compliance with the provisions of Articles 157 and 158 of the Constitution of Ukraine.

The draft law provides for elimination of MPs’ immunity (at the same time, the MPs would not bear legal responsibility for the results of voting or their statements in parliament and its committees, with the exception of responsibility for insult or defamation) and change in the procedure for lifting immunities of judges.

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\(^{28}\) Law of Ukraine № 769-VIII.

\(^{29}\) Law of Ukraine № 770-VIII.

\(^{30}\) Law of Ukraine № 771-VIII.
For the purpose of **strengthening safeguards for the protection of the right of access to information, ensuring openness and transparency of government authorities, and preventing corruption in the sphere of access to public information** the following draft laws were developed and submitted for consideration of the Verkhovna Rada of Ukraine:

- «On Amendments to Certain Laws of Ukraine on Access to Public Information Relating to Improvement of their Certain Provisions» (reg. № 2913);
- «On Amendments to the Code of Ukraine on Administrative Offences to Strengthen State Control over Observance of the Right of Access to Public Information, Protection of Personal Data and Response to Appeals of Citizens» (reg. № 2043a).

On December 14, 2015, the Group of States against Corruption (GRECO) published a report on Ukraine's implementation of recommendations on fighting against corruption.

According to the document, Ukraine implemented satisfactorily (or in a satisfactory manner) 10 of the 16 recommendations, and 6 recommendations were considered as partly implemented.

### 3.3 Establishing an asset recovery institution

To fulfil recommendations of the EC Fifth Progress Report on the Implementation by Ukraine the Visa Liberalisation Action Plan (VLAP) the Verkhovna Rada of Ukraine adopted the Law of Ukraine:

- “On the National Agency of Ukraine for the Detection, Investigation and Management of Assets Derived from Corruption and other Crimes”.

This Law establishes a national independent institution, authorized to conduct investigation, record, recovery and management of the seized proceeds and assets, and determines at the legislative level the institutional arrangements for detecting assets, which are subject to seizure, their recovery, and managing the seized assets.

The Agency is authorized to manage assets (cash and bank precious metals, movable and immovable property, securities, property and other rights, confiscated assets) that are seized in criminal implementation, with prohibitions to dispose and use such assets, the amount or value of which equals or exceeds 200 minimum wages.

The National Agency's activity will be supervised by the public board, by the external control commission (a mechanism similar to supervision of the National Anti-Corruption Bureau of Ukraine), and through publishing of the Agency's annual reports.

To implement the tasks of this Association Agenda priority, the Ukrainian side has attracted expert and financial assistance of the following projects:

- «Conducting national risk assessment of money laundering and terrorism financing in Ukraine» (OSCE), project budget – 267.8 thousand EUR for the period: 07.04.2015 – 15.05.2017;

31 The Law of Ukraine № 772-VIII.
4. Judicial reform

Take further steps on judicial reform, in particular by adopting, in line with European standards and in close consultation with the Council of Europe/Venice Commission, a Justice Reform Strategy including a detailed, comprehensive implementation plan.

Certain progress was made in the justice sector reform.

4.1 Judicial reform

Judicial reform is one of the key areas of cooperation between Ukraine and the European Union. Reform of the justice system is closely linked to the completion of constitutional reform.

➢ On October 30, 2015, the Constitutional Commission finally approved the draft amendments to the Constitution of Ukraine in the part of justice (with the account of an opinion of the Venice Commission of October 23, 2015).

On February 1, 2016, the Constitutional Court made a positive conclusion on the draft amendments. On February 2, 2016, the Verkhovna Rada of Ukraine preliminary approved the draft Law of Ukraine "On Amendments to the Constitution of Ukraine (relating to justice)” (reg. № 3524).

The draft amendments, inter alia, aim at:

- Depoliticizing and ensuring independence of the judiciary (removal of the Verkhovna Rada of Ukraine from the process of appointing judges; permanent appointment of judges on the proposal of the High Council of Justice);
- Increasing requirements and professional standards for the judiciary (the introduction of competitive selection procedures in the appointment of judges);
- Limiting the immunity of judges (up to the functional);
- Building institutional capacity in the system of procuracy, advocacy, and execution of court decisions.


The major innovations of the Law include the following:

- Introducing institute for assessment of the professional qualifications of judges and verification of their integrity;
- Introducing a judge’s dossier, which will contain all information about a judge and his/her career;
- Improving the procedure for specialised training of a candidate to the position of a judge;

32 The Law of Ukraine № 192-VIII.
The Reform Strategy of the judiciary, judicial process and related legal institutions for 2015-2020 was approved, which had been prepared by the Judicial Reform Council with the expert assistance of the EU-funded project «Support to Justice Sector Reform».

The Strategy involves two stages of reform:

- immediate update of legislation aimed at restoring confidence in the judiciary and related legal institutions in Ukraine;
- systemic changes in legislation, including the adoption of amendments to the Constitution of Ukraine and comprehensive institutional capacity building of relevant legal institutions.

Specific tasks of ministries and other government authorities on implementation of the Strategy are envisaged in the respective Action Plan, which was approved by the Judicial Reform Council.

The Cabinet of Ministers also defined a mechanism for realization of the Action Plan to implement provisions of the Reform Strategy in the sphere of justice for 2015-2020. This regulatory act provides for identifying institutional coordinators/focal points (ministries and other public authorities) responsible for implementation of specific tasks of the Action Plan, in particular, development and implementation of the annual work plans, submission of proposals to amend the Action Plan, and other tasks related to implementing provisions of the Reform Strategy.

On October 21, 2015, the Cabinet of Ministers at its meeting approved the Concept of judicial reform.

Key elements of the judicial reform are the following:

- Reloading a judicial system, election of new judges through transparent and independent competition, and formation of new Ukrainian courts;
- Establishment of a three-tier court system (local courts, courts of appeal, and the Supreme Court of Ukraine);
- Elimination of political influence in the selection of judges and bringing them to justice by the High Council of Justice and other authorities, which exercise control over the judicial system;
- The structure and system of courts shall be determined exclusively by the Laws of Ukraine.

To implement the tasks of this Association Agenda priority, the Ukrainian side has attracted expert and financial assistance of the following projects:


33 Decree of the President of Ukraine № 276 dated May 20, 2015.
34 The President of Ukraine (Decree No. 812 dated October 16, 2014) established the Judicial Reform Council.
35 Resolution of the Cabinet of Ministers of Ukraine № 684 dated August 19, 2015
**Enforcement of court decisions**

- In order to establish European standards for enforcement of court decisions and optimize stages of enforcement proceedings and terms of conducting executive actions the draft Law of Ukraine «On Enforcement Proceedings» (reg. № 2507а) was developed.

To ensure efficient enforcement proceedings, timely and full enforcement of court decisions, the draft law, in particular:

- Determined enforcement proceedings principles, aimed at ensuring protection of rights, freedoms and legitimate interests of physical and legal persons;
- Expanded the list of decisions that are subject to compulsory enforcement, and optimized the terms of enforcement actions;
- Provided for the formation of an open Unified register of debtors;
- Introduced automation of decision enforcement procedures through electronic registration of documents, complete recording of procedural decisions and enforcement actions in the computerized system;
- Strengthened the responsibility of a debtor in enforcement proceedings, and substantially increased the fines imposed by an enforcement officer;
- Introduced a possibility to sell the seized property through electronic trading auctions, but within the restrictions established by the draft law.

The major innovation of the draft law is introduction of the institute of private enforcement officers. At the same time, the draft law defines a list of decisions that shall be enforced by private enforcement officers (in cases, when a debtor is the State, government authorities, local self-government bodies and their officials, state enterprises and public utilities, and other institutions, which are funded solely from the state and/or local budgets, or the share of the state in which exceeds 25%; in cases, when the claimant is the State, or government authorities; decisions that envisage performing enforcement actions with regard to state-owned/communal property, decisions on moving in and forced eviction of residents, etc.).

- To further develop provisions stipulated by the draft law of Ukraine “On Enforcement Proceedings”, a draft law relating to introduction of a mixed system of decision enforcement was elaborated (Reg. No. 2506a), which provides for including private enforcement officers into the system of enforcement of decisions of courts and other agencies (officers).

This draft Law of Ukraine, in particular:

- Establishes the principles of the State Enforcement Service activity, sets out increased requirements to the professional level of officers, who perform enforcement of decisions of courts and other agencies;
- Determines the legal status of private enforcement officers, regulates procedures of obtaining the right to exercise private enforcement activity, suspension and termination of the right to exercise private enforcement officer activity, and specifies remuneration policy;
- Establishes a new procedure for appeal against decisions, actions/inaction of enforcement officers.

On October 8, 2015, the Verkhovna Rada approved in the first reading those draft laws (№ 2506a and № 2507a).
The issue of sending all electronic copies of court decisions to the Unified State Register of court decisions has been settled.\textsuperscript{36}

Electronic copies of court decisions are sent to the Registry by a judge or a responsible court employee exclusively electronically with a digital e-signature by means of the computerised system of court documents workflow.

\subsection*{4.2 Public prosecution reform}

- The Law of Ukraine “On Amendments to the Law of Ukraine “On Public Prosecutor’s Office” (in the part of improvement and application of certain provisions)” was adopted.\textsuperscript{37}

The Law defines the disciplinary proceedings against prosecutors, the selection of prosecutors and their disciplinary liability, as well as a list of administrative positions at military prosecutor’s offices, Specialised anti-corruption Prosecutor's office, and the procedure for appointment to these positions.

- On July 15, 2015, the Law of Ukraine «On Public Prosecutor’s Office»\textsuperscript{38} came into force, which established new legal framework for the activity of prosecution.

In order to implement the Law of Ukraine «On Public Prosecutor’s Office»:

- A new structure of the Prosecutor General’s Office and regional prosecutors' offices was approved;
- Staff number of prosecutor’s offices was reduced by more than 3 000 positions (currently, the total number of employees at prosecutor’s offices is about 15 000 persons).

- Competitive selection process to the renewed local prosecutors' offices has been completed.

Instead of existing 639 prosecutor’s offices of rayon level 178 local prosecutor’s offices have been established.

The open competitive selection have been carried out in four stages:

- testing applicants for the positions in local prosecutor’s offices on the knowledge of the legislation;
- testing their general capabilities;
- psychological tests;
- interview with candidates.

For the first time, 700 vacant managing positions in local prosecutors' offices have been open both to prosecution bodies’ employees and to persons, who did not work in the system, but have a law degree and 5-year professional experience.

According to the results of competition for managerial positions in local prosecutor’s offices, prosecutors, heads of prosecutor’s offices, their first deputies and deputies have been recruited.

The work continues on arranging legislative, organizational and practical support for the activity of the Inspectorate General of internal investigations and security at the Prosecutor General’s

\textsuperscript{36} Resolution of the Cabinet of Ministers of Ukraine № 401 dated June 17, 2015.

\textsuperscript{37} The Law of Ukraine № 578-VIII.

\textsuperscript{38} The Law of Ukraine «On Public Prosecutor’s Office» was adopted by the Verkhovna Rada of Ukraine on October 14, 2014.
Office of Ukraine.

Inspectorate General will have the authority to investigate crimes, committed by prosecutors and detectives, supervise the observance of laws in carrying out investigation and search operations regarding employees of the prosecutor’s office, conduct internal audit, and ensure information security.

The Prosecutor General of Ukraine endorsed by his orders:

- the structure of the Inspectorate General;
- the composition of three working groups, including international experts, on regulatory issues, organization of the activity and staffing of the Inspectorate General.

To implement the tasks of this Association Agenda priority, the Ukrainian side has attracted expert and financial assistance of the following projects:


5. Public Administration reform

Start a comprehensive reform of the public administration, and in particular, the civil service and service in local self-government bodies focusing on European principles of public administration, including through the finalization and adoption of the draft Law on Civil Service reform.

Public administration reform plays a fundamental role in the European integration process.

Some progress was made in the civil service reform.

➢ Strategy of reform of civil service and of service in local self-government bodies in Ukraine until 2017 and its action plan were approved. These two documents create in mid-term perspective conditions necessary for effective implementation in Ukraine of civil service reform and reform of service in local self-government bodies, improve their quality and facilitate optimization of functions of state power bodies, effective separation of competencies.

➢ The new law of Ukraine “On Civil Service” was adopted.

The Law «On Civil Service», inter alia, provides for:

- Introduction of a mandatory procedure for competitive selection and recruitment to the civil service, including to senior civil service positions,
- Separation of political and administrative positions in the ministries, and introducing positions of State secretaries in the Cabinet of Ministers and ministries;
- Clearly defined job classification and competence based requirements;
- Transparent mechanism for civil servants’ remuneration;

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39 Resolution of the Cabinet of Ministers of Ukraine of 18 March 2015, No. 227
40 The Law of Ukraine N889-VIII
Definition of reasons for dismissal of civil servant and prohibition for senior civil servants to be members of political parties;

Introduction of three categories of civil servant positions instead of previous seven ones.

According to SIGMA experts' opinion, the draft law «On Civil Service» is in line with the European principles of public administration, and takes into account the experience of the EU member states.

With the aim of effective implementation of new Law since 1 May 2016 the drafting of necessary secondary legislation started – on rules and procedures of open competitive selection and recruitment to the civil service, on activities of The Commission for senior civil service corps, on remuneration scheme etc.

In addition, activities to start up centralized information analytical IT system of HR management, particularly its core element – automated accounting of number of civil servants, started too.

- On April 23, 2015, the Verkhovna Rada adopted in first reading the draft Law «On Service in Local Self-Government Bodies» (reg. № 2489).

Adoption of this draft law will facilitate the unification of approaches to service in the local self-government bodies and state bodies and define futures of this service.

- In order to determine approaches and objectives for reforming other elements of public administration – development and implementation of the relevant public policy, optimisation of the system of government executive authorities, improving the quality of administrative services, and introduction of unified principles of administrative procedure, the Government of Ukraine in cooperation with the SIGMA/OECD program and other international experts designed a draft Strategy of public administration reform in Ukraine for 2015 – 2020 and an Action plan for implementation of the Strategy for 2015 - 2017.

According to these drafts the goals of the reform are:

- Transformation of the public administration into effective tool of continuous and sustainable development of Ukraine and satisfaction of needs of its citizens;
- Creation based on good governance principles and best practices of EU member states of institutional and administrative capacity of the public administration effectively implement reforms necessary for Association agreement implementation.

Areas of public administration reform are:

- Renew of processes and procedures of public policy development, implementation and monitoring;
- Set up of effective system of bodies of public administration;
- Set up of politically neutral, professional and prestigious civil service;
- Introduction of single administrative procedure and improving quality of administrative services.

Consultations with the EU side on attracting its financial support for this reform are ongoing, in particular cooperation with the EU Advisory Team on public administration reform that consists of former high officials from the EU member states with in-hand experience of large scale public administration reforms.

To implement the tasks of this Association Agenda priority, the Ukrainian side attracts expert and financial assistance of the EU, including through involvement of SIGMA/OECD and SGUA (EC Support Group for Ukraine) experts.
6. Deregulation

Serious progress was made in the sphere of deregulation.

With the purpose of reducing the regulatory burden of the State on business by means of simplifying procedures, reducing the number of control authorities and frequency of inspections, eliminating excessive permits and licenses, etc., the Government implemented a number of measures.

6.1 Public services

- June 3, 2015, a new online government portal iGov.org.ua (hereafter Portal) for providing public services to Ukrainian citizens was launched. Some of such services are already provided via Internet, online access to others public services is currently being prepared.

As of January 1, 2016, online portal iGov.org.ua made accessible 213 public services, including:

138 services – for citizens (particularly, in the fields of internal affairs and interaction with government authorities, construction, real estate and land relations, family and marriage issues, taxation);

75 services – for business (particularly in the fields of construction, real estate, land relations, subsoil use, environmental protection, trade and external economic activity, culture, art and religion, medicine and education, as well as regarding the Unified State Register of legal entities and physical persons-entrepreneurs).

42 more public services are at the preparation stage, and will become available through this online portal over the nearest months.

- The Ministry of Justice of Ukraine introduced an online service (http://minjust.gov.ua/services) for providing information and certain services via the official website of the Ministry, regarding the following issues:

  o State registration of legal entities and physical persons-entrepreneurs;
  o State registration of rights to immovable property;
  o State registration of civil status acts;
  o Activity of arbitration managers;
  o Conducting online auctions for the sale of seized property;
  o Judicial system.

Documents obtained online have the same official status as the hard copy (paper) documents.
6.2 Reducing the number of permits and licenses, limiting the number of inspections, and simplifying doing business

➢ The Action plan on deregulation of economic activity is being implemented\(^{41}\).

The Action plan contains 131 tasks and measures, aimed at removing regulatory and administrative barriers that hinder efficient entrepreneurship activity.

The Action plan provides for improvement of licensing and permitting procedures, technical regulation procedures, State supervision (control), customs and tax regulations, conditions of entrepreneurship in the agricultural, food and construction industry, electricity, oil and gas sectors, information technology, and telecommunications.

Information on the Action plan implementation is published on the official website of the State Regulatory Service.

➢ Licensing procedures were simplified, and the terms of getting special licenses and certificates for companies working in the spheres of agriculture, fuel and energy, and in the food industry were reduced\(^{42}\):

- In the agrarian sector the terms for issuing quarantine and phytosanitary certificates were reduced (from 5 days to 1 day), mandatory quarantine certificate for the transportation of grains and oilseeds was cancelled (from now on it will be issued only at the request of companies), as well as the need to get a quarantine certificate for internal transportation.

These innovations would help to solve problems with delayed shipments, would lead to reducing extra costs to companies during transportation of grain and, as a result, would contribute to lowering the costs of supply chains of Ukrainian agricultural products;

- Procedures in the subsoil use sector were simplified (monitoring and scientific supervision were ruled out from mandatory conditions for granting special authorization on subsoil use);

- State registration of dietary food products was eliminated.

➢ Licensing regulation of the types of economic activity was improved in the part of simplifying administration of licensing procedures both for business and for government\(^{43}\).

The Law of Ukraine «On Licensing the Types of Economic Activity» provides for:

- Reducing the number of types of economic activity that are subject to licensing from 56 to 30;

- Establishing non-mandatory registration of a license as a document in hard copy (paper) form, introducing principles of distant, particularly electronic licensing;

- Establishing the unlimited terms of licences;

- Establishing a unified information base for entering information on licensing;

- Strengthening control over the licensing authorities;

- Creating the possibility of licensing for certain types of economic activity at the local level.

Implementation of the provisions of this Law will foster raising the rating of Ukraine according to the classification by the World Bank through creation of more favourable conditions for entrepreneurship development, and improvement of investment attractiveness of Ukraine.

\(^{18}\) - Resolution of the Cabinet of Ministers № 357 dated March 18, 2015.

\(^{42}\) - Resolution of the Cabinet of Ministers № 42 dated January 28, 2015.

\(^{43}\) - The Law of Ukraine № 222-VIII.
On April 7, 2015, the Law of Ukraine «On Amendments to Certain Legislative Acts of Ukraine Relating to Facilitation of Conditions for Doing Business (deregulation)» entered into force, which provides for:

- Cancellation of 16 permit documents (permits, decisions, conclusions, approvals);
- Setting up the term for business registration no more than 2 days (previously the term was 5 days);
- Introducing the issue of permit documents through the centres for providing administrative services.

The Amendments to the Law of Ukraine «On Plant Quarantine» were adopted, aimed at reforming the system of state regulation and control in the field of plant quarantine with the purpose of deregulation and preventing corruption.

The amendments, in particular, provide for:

- Reduction of the period of time for issuing phytosanitary and quarantine certificates up to 24 hours after loading the vehicle;
- Introduction of separate lists of facilities for quarantine control and transporting plants for the purpose of import, export or re-export, and within a country;
- Publication on official government web-portals the information (within one working day from the date of its receipt) on the developed and/or revised phytosanitary measures, and phytosanitary measures in destination countries, the results of risk analysis, decisions on introduction or abolition of quarantine regimes, including the list of territories that have introduced a quarantine regime;
- Abolition of mandatory check-up requirement for the transportation and cultivation of plants;
- Introduction of the mandatory issuance of a quarantine certificate only in case of exporting the plants outside the quarantine zone.

The new list of licensing authorities was endorsed (26 authorities), according to which, the following government agencies were deprived of their licensing powers:

- State Geological and Mineral Resources Service (on extraction of precious stones);
- State Veterinary and Phytosanitary Service of Ukraine (on production of veterinary medicines);
- Ministry of Agrarian Policy and Food of Ukraine (on trade in pesticides and agrochemicals, breeding (genetic) resources, carrying out fumigation (disinfection));
- State Space Agency of Ukraine (on missiles production);
- State Service of Ukraine for Geodesy, Cartography and Cadastre (on land valuation activities and land auctions);
- Ministry of Youth and Sports of Ukraine (on genetic engineering activity in a closed system);
- State Intellectual Property Service (on production of discs for laser reading systems and matrices);

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44 The Law of Ukraine № 191-VIII
45 - The Law of Ukraine № 617-VIII.
46 - Resolution of Cabinet of Ministers № 609 dated August 5, 2015.
Ministry of Energy and Coal Industry of Ukraine (on trade in liquid fuels made of biomass (excluding ethanol) and biogas).

- Shorter terms for providing services of the state registration of rights to immovable property and fixed amount of payments for provision of such services were set up:
  - 3 and 5 working days (for processing applications, instead of 14 working days under the current legislation) – at double amount of the administration fee for state registration of rights to immovable property;
  - 1 working day – at 5 times amount of the administration fee for the state registration of rights to immovable property;
  - 2 hours – at 10 times amount of the administration fee for the state registration of rights to immovable property.

Along with this, shorter terms for obtaining information from the State Register of rights to immovable property were set up – information in hard (paper) copy can be obtained within 30 minutes for triple pay.

- The National Bank of Ukraine improved the procedure of foreign exchange control by commercial banks for exports of services between Ukrainian freelancers and foreign clients.

  In particular, requirements for documents confirming performance of works in order to receive money were simplified. Now, for the sake of monitoring/control commercial banks can use ordinary invoices with a performer's signature and a printed copy of the offer, and determine themselves whether it is necessary to translate the documents into Ukrainian.

- The National Bank of Ukraine also simplified procedures for registration of international Internet payments, established in countries with high standards in the financial sector and international oversight standards for payment and settlement systems.

  The international systems of internet payments (such as PayPal, ApplePay, GoogleWallet and others) have the right to carry out full-fledged activities in Ukraine after the required information is entered into the Register of payment systems, settlement systems, participants of these systems and service operators of payment infrastructure of Ukraine.

- On September 20, 2015 came into effect those provisions of the Law of Ukraine «On the Basic Principles and Requirements for Safety and Quality of Food», which abolish mandatory provision of the original of international veterinary certificate when unloading containers from ships. This not only simplifies the customs service in Ukrainian ports, but also allows businesses to save time on checking cargo.

- Licenses for export of products from nonferrous metals were cancelled.

- Form № 2 of mandatory veterinary certificate was abolished.

Form № 2 of the veterinary certificate used to be issued with the purpose to identify the point of origin of grain and to track trade flows of fodder grain. However, the information in the certificate duplicated the information provided in the bill of lading. The decision of the Government provides for a voluntary procedure of obtaining the certificate when transporting grain, submitting to authorities of the veterinary and sanitary control a copy of bill of lading and specifying the point of origin of the grain.

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47 Resolution of the Cabinet of Ministers № 669 dated September 2, 2015.
49 Resolution of the Cabinet of Ministers № 916 dated October 13, 2015.
In order to establish a fundamentally new model of the system of State registration of business and rights to immovable property through the decentralization of powers in these fields, the following Laws of Ukraine have been adopted:

- «On State Registration of Proprietary Rights to Immovable Property and Their Encumbrances» ⁵⁰.

The Law defines a wide range of subjects of the state registration of rights to immovable property, including notaries and other entities accredited by the Ministry of Justice, and allows an applicant to choose freely the subject for providing the appropriate services. This will contribute to getting rid of monopoly in the market of these services.

- «On State Registration of Legal Entities, Physical Persons - Entrepreneurs and Non-governmental Organisations» ⁵¹.

The Law provides for transfer of authority to provide administrative services on the state registration of legal entities and physical persons – entrepreneurs to the local self-government authorities, local state administrations, notaries and accredited subjects (while authorities of the system of justice retain their authority of state registration of non-governmental organizations).

This Law:

- for the first time creates a common information platform, the authenticity of which is the responsibility of the State, and which will contain all information regarding a business entity, including all permits issued to it;
- for the first time unifies the procedure of registration of all existing types of business entities and non-business organizations in a single legislative act;
- simplifies the procedure of state registration, bringing it closer to the client, and, in particular, reduces the number of documents required for the state registration;
- provides for delivering services in the field of registration on the principle of «a single window».

The powers of local self-government has been extended in the field of administrative services’ provision by adoption of the Law “On Amendments to Certain Legislative Acts of Ukraine Relating to the Extension of Powers of Local Self-government Bodies and Optimization of the Provision of Administrative Services” ⁵².

- The Law: introduces the possibility of providing administrative services by local self-government bodies through the centres, established by rayon state administrations on the basis of agreed decisions;
- provides for the creation of distant jobs for administrators of the centres;
- provides for possibilities of providing administrative services in electronic form, including via information systems of central government authorities and local self-government bodies, integrated with the Single Government portal of administrative services.

⁵⁰ - The Law of Ukraine № 834-VIII.
⁵¹ - The Law of Ukraine № 835-VIII.
⁵² - The Law of Ukraine № 888-VIII.
➢ **To ensure implementation of European standards in resolving insolvency and the ease of doing business**, a draft law on amendments to the legislation on bankruptcy was developed and submitted to the Verkhovna Rada (reg. № 3163).

The draft law provides for:

- Limiting the possibility of delaying insolvency proceedings;
- Strengthening the rights of secured creditors through web access to information about a debtor, and empowerment of creditors in bankruptcy proceedings;
- Improving procedure of appointment of a manager of debtor's assets, eliminating possibility of his/her appointment by the economic court without the use of an automated system;
- Improving procedures for sale and acquisition of a debtor's assets.

➢ A draft law “On amendments to certain legislative acts of Ukraine relating to limiting permit procedures in the sphere of foreign economic activity” (reg. № 2498a)³³ was elaborated. It envisages cancellation of six licenses for the export and import of alcohol and alcoholic beverages, tobacco products, as well as financial penalties for failure to file reports in this sphere.

### 6.3 Protecting interests of business

➢ In order to protect the rights of large companies, small and medium enterprises (SMEs) and private entrepreneurs, the **Business Ombudsman Council started its work** on 20 May 2015.

Any legal entity or individual, doing business in Ukraine, in case of violation of their rights by central or local government authorities, state companies and their officials, may submit a complaint to the Business ombudsman. A complaint may be submitted online through the website of the Council ([www.boi.org.ua](http://www.boi.org.ua)), e-mail ([info@boi.org.ua](mailto:info@boi.org.ua)) or by post. The Business ombudsman may also begin its own investigation if he/she becomes aware of violations from other sources, including mass media.

The Business Ombudsman Council signed the memoranda of partnership and cooperation with the State Regulatory Service and with the Ministry of Justice of Ukraine.

Within the framework of implementing the Memorandum with the State Regulatory Service, the parties plan to interact and cooperate with central and local authorities and make recommendations on implementation of business deregulation policy, improve the business environment, and prevent corruption and other abuses of legitimate private business interests.

Within the framework of implementing the Memorandum with the Ministry of Justice, the Business Ombudsman Council plans to:

- Provide recommendations to the Ministry and its agencies, as well as to the central and local government authorities on simplifying conditions for doing business and preventing corruption;
- Prepare proposals for improving legislation on the enforcement of court decisions, the state registration of legal entities and individual entrepreneurs, the state registration of rights to movable and immovable property, bankruptcy, the use of electronic signatures, and other issues.

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³³ On November 12, 2015, the draft law was approved in the first reading.
The parties will work towards identifying and eliminating provisions in legislation that restrict business activity, and monitoring violations of business interests by government officials.

The Business Ombudsman Council prepares quarterly reports on results of its activity for the indicated period, including information on quantity, character and geography of complaints received, examinations conducted, information about the results of examinations of complains. Texts of reports are posted on the Council’s website.

➢ On August 10, 2015, State Fiscal Service of Ukraine established an Institute of the Commissioner for entrepreneurship. The Commissioner started its work on a voluntary basis.

The main task of the Commissioner for entrepreneurship is to arrange a meaningful and transparent dialogue between business and the State Fiscal Service of Ukraine. The taxpayers can address the Commissioner regarding either individual complaints or systemic issues relating to the administration of taxes and fees. In addition, the business can propose legislative initiatives to the Commissioner.

Complaints and proposals can be sent via e-mail (tax_ombudsman@sfs.gov.ua) or to the address the State Fiscal Service of Ukraine.

➢ On September 9, 2015 the Minister of Economic Development and Trade announced the establishment of a Deregulation Office – non-governmental institution with the main objective to systematically review legislation in the regulatory sphere, and evaluate the effectiveness and appropriateness of each individual restrictive measure.

Deregulation Office will be comprised of lawyers, analysts and market experts. The Head of the Office has been appointed. The Office activity will be funded by international organizations.

On November 26, 2015, the updated annual ranking on the Ease of Doing Business of the World Bank Group was published. Ukraine’s ranking improved by 13 positions, moving up to 83rd. Ukraine continues to improve its results for the second year in a row. In 2014, Ukraine’s ranking on the ease of doing business improved from 112th to 96th (by 16 positions).

Analysis of the World Bank Doing Business group showed that a key reform that contributed to improvement of Ukraine’s ranking in 2015 was simplification of business registration procedures.

According to Doing Business’ data, to register a business in Ukraine one need to complete 4 procedures which takes no more than 7 days.

To implement the tasks of this Association Agenda priority, the Ukrainian side has attracted expert and financial assistance of the EU in the framework of the Programme EU SURE (EU Support to Ukraine to Re-launch the Economy).

According to the EU SURE Programme, 15 centres for entrepreneurship development have to be created. The volume of donor assistance provided by EU SURE is 55 mln. Euro.

In the first place, the new created centres will facilitate business start-ups in the spheres of agriculture, energy efficiency, improvement of quality of social services and infrastructure. They will provide consultations on legal and market issues of doing business in Ukraine and abroad.
Significant progress was made in reforming the system of public procurement.

The Government continued to work on further approximation of legislation in the field of public procurement to the EU legislation, and its implementation according to the best international practices and standards in this field.

7.1 Implementation of the EU standards

➢ The Law of Ukraine «On Amendments to Certain Public Procurement Legislative Acts Relating to Bringing them in Compliance with International Standards and Taking Measures to Fight against Corruption» \(^{54}\) was adopted.

The Law is aimed at significant reduction of corruption risks, establishment of safeguards against abuse during public procurement procedures, increasing the level of competition by facilitating participation of businesses in procurement procedures, bringing the public procurement system to international standards, etc.

The Law, inter alia, provides for:

- Increase of monetary thresholds, while applying provisions of the Law of Ukraine "On Public Procurement", for procurement of goods or services – from 100 thousand UAH to 200 thousand UAH, and for procurement of works – from 1 mln UAH to 1.2 mln UAH;
- Increase of a monetary threshold for applying the procedure of request of price offers up to 500 thousand UAH;
- Set up a ban to disclose the content of submitted proposals, which are already in the public domain;
- Opportunity to amend price offer requests;
- Mandatory publishing the protocols of the tender committee meetings;
- Disclosure of the content and price of submitted offers.


\(^{54}\) Law of Ukraine № 679-VIII.
With the support of the EU project «Harmonization of Public Procurement System in Ukraine with EU Standards», a draft Strategy of Reform of the Public Procurement System in Ukraine (Roadmap) for 2015-2032 and an Action Plan on Strategy implementation were developed and approved by the Government Committee on Economic Development and European integration to be further submitted for consideration to the EU-Ukraine Association Committee.

The draft Roadmap, in particular, provides for:

- Phased transition to a single electronic procurement system;
- Harmonization with 5 EU Directives;
- Reorganization of regulatory and supervision institutions in the field of public procurement;
- Professionalization of the public procurement system through replacement of tender committees by officials, who are experts in the field of public procurement;
- Accession to the WTO Agreement on Government Procurement (GPA).

To further reform and harmonize the rules and practices of public procurement in Ukraine to EU standards the Law of Ukraine «On Public Procurement» was adopted\(^55\). This Law provides for:

- Introducing the system of electronic procurement and electronic appeal;
- Implementation of procurement procedures, exchange of information, providing documents and explanations in the e-procurement system;
- Implementation of Directives 2014/24/EU and 2014/25/EU in the framework of the Association Agreement;
- Promoting transparency in the use of budget funds, etc.

To implement the tasks of this Association Agenda priority, the Ukrainian side has attracted expert and financial assistance of the Project «Harmonisation of competition and public procurement systems with EU standards» (EU), project budget – about 4 mln EUR for the period: 05.11.2013–04.11.2016.

In order to settle the issue of compliance of the provisions of the Law of Ukraine «On Antimonopoly Committee of Ukraine» with the Law of Ukraine «On public procurement» the draft Law of Ukraine «On amendments to the Law of Ukraine «On Antimonopoly Committee of Ukraine» (reg. № 3394) was submitted to the Verkhovna Rada of Ukraine.

The draft Law aims to resolve the issue of avoiding duplication of the information requested by the Antimonopoly Committee from businesses, associations, government bodies, local self-government bodies of administrative management and control, its officers and employees, and other individuals and entities, which had already been given by them during twelve months before the day of receipt of such a request to the Antimonopoly Committee bodies, and this information has not been changed.

\(^{55}\) The Law was adopted December 24, 2015.
7.2 Transparency in public procurement. Introducing e-procurement

- The pilot electronic procurement system ProZorro was launched.

Public procurement of goods – up to 100 thousand UAH, and services – up to 1 mln UAH, are carried out through this electronic system.

The main objective of the system is to ensure the transparency of the public procurement process, to increase the confidence on the part of business, and to combat corruption. Electronic system simplifies the access of small and medium businesses to public bidding, allows spending budget funds more efficiently, and provides public control over the process of bidding.

Six electronic bidding platforms are already integrated into the System (e-tender.biz; dz.prom.ua; smarttender.biz/government; public-bid.com.ua; newtend.com; dzo.com.ua).

The instrument help-desk, providing permanent and professional support in questions of public procurement in launched.

- The Procedure of conduct of experiment with a use of electronic bidding platforms during the negotiation of bids\textsuperscript{56} is being approved.

According to the Order, in case of using the negotiating procedure of procurement all procurements of the Ministry of Defence of Ukraine are carried out in electronic format and on electronic platforms, with which memoranda on cooperation were concluded.

7.3 Accession of Ukraine to the WTO Agreement on Government Procurement (GPA)

- On November 12, 2015, during ordinary meeting of WTO Committee on public procurements Parties of the Agreement on Government Procurement were approved the Protocol on Accession of Ukraine to the Agreement.

The accession to the Agreement on Government Procurement will provide access of Ukrainian companies to $ 1.7 trn procurement markets of WTO members, who are contracting parties of Agreement.

For the date, the Parties of Agreement are 16 countries and customs territories (Canada, Hong Kong (China), Iceland, Israel, Japan, Korea, Liechtenstein, Aruba (the Netherlands), Norway, Singapore, Switzerland, Taiwan, United States and Armenia, new Zeeland and Montenegro), and the EU on behalf of its 28 Member States.

More detailed information on public procurement reform can be found on the official website of the Ministry of Economic Development and Trade of Ukraine.

\textsuperscript{56} - Order of Ministry of Defense from June 12, 2015 № 257, entered into force June 27, 2015.
8. Taxation reform, including VAT refund

*Take steps to improve the efficiency of the tax administration, including when dealing with VAT refund claims, to ensure timely settlement of all recognized VAT refund claims, avoiding any form of discrimination.*

Certain progress was made in reforming the efficiency of tax system, including VAT refunds

8.1 Tax system reform

- The norms that allow reforming the tax system of Ukraine were established\(^{57}\).

In particular:

- The number of taxes and duties were reduced from 22 to 11 (3 – eliminated, 13 – transformed into 5);
- The new electronic system for the administration of VAT was introduced;
- The system of corporate income tax (CIT) was reformed;
- A number of industry specific tax benefits were called off; in particular, a list of sectoral benefits on corporate income tax was reduced.

Implementation of the Law provisions will allow to facilitate doing business in Ukraine, reduce time for taxpayers to complete the required procedures for declaring the amounts of taxes and their payment.

The Tax Code of Ukraine and some legislative acts were amended\(^{58}\), as a result:

- Improved the VAT refund from the Budget procedure with taking into account of priority of declaration of demand for refund by taxpayers;
- Unified base rate for tax on income of physical persons by 18% was set up. And the obligation of imposition of declaration with annual review of calculation of tax in the case of receiving of income form two or more agents more than 120 minimum salaries per year was cancelled;
- The exemption for income tax for amounts received from international financial organization for measures aimed at energy efficiency and energy saving was set up;
- The single rate of unified social contribution of 22% for employers was set and abolished the unified social contribution withheld from employees salary;
- The electronic system of fuel administrating was set up;
- The marginal tax rate on real property other than land increased from 2 % to 3 % of the minimum wage for 1 square meter of total area, and implemented the additional tax rate of 25 thousand UAH for apartments over 300 square meters, houses - more than 500 square meters, for each real. Moreover, the local councils retain the right to decide on the feasibility of the introduction of this tax and determining the size of its rates;
- Taxation of transport tax is improved, in particular the vehicles valued more than 750 minimum wages (in 2016 – 1,3 mln UAH) and aged to five years are listed as tax base.

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8.2 Administration of VAT

- With the purpose of ensuring further improvement of the system of electronic administration of VAT was developed with participation of business community and civil society organizations and adopted the Amendments to the Tax Code of Ukraine Relating to Improvement of the Administration of Value Added Tax\(^{59}\).

Adoption of the Law contributed to:

- Improving the system of electronic VAT administration, which was functioning in a test mode since February 1, 2015, and was transferred to regular mode since July 1, 2015;
- Correcting errors committed by taxpayers during the system operation in a test mode;
- Implementing a number of positive changes in compilation of consolidated tax invoices and maintenance of VAT records.

Today the system of electronic VAT administration is functioning smoothly in a regular mode.

- To create comfortable conditions for the taxpayers electronic services, which make it possible to obtain information from the system of electronic VAT administration, were introduced.

Electronic administration of VAT ensures conformity between the paid and accrued VAT, and makes it impossible to make up a fictitious VAT and then illegally compensate it from the budget.

As of today, all legislative and by-law acts necessary for the functioning of electronic VAT administration system were adopted.

During 2015, 68 405 bln UAH was refunded to VAT payers, including 38 096.1 bln UAH – in automatic mode.

Entities with a share of foreign capital were refunded 28 868.7 mln UAH, including 17 785.1 mln UAH in automatic mode. VAT payers of the European Union countries were refunded 21 009.3 bln UAH, including 12819.4 bln UAH in automatic mode.

9. External audit

*Based on recent reforms, continue to develop the external audit function to strengthen the system of checks and balances.*

Serious progress was made in reforming the system of external audit.

- The Accounting Chamber of Ukraine received additional powers on the audit of the State budget revenues\(^{60}\).

Thus, the Law of Ukraine «On Accounting Chamber» was brought into conformity with Article 98 of the Constitution of Ukraine, according to which the Accounting Chamber is empowered to oversight, on behalf of the Verkhovna Rada of Ukraine, the revenues to the State budget and their use.

\(^{59}\) - Law of Ukraine No 643-VIII.
\(^{60}\) - Law of Ukraine No 274-VIII.
These powers are in line with the standards of the International Organization of Supreme Audit Institutions (INTOSAI), which specifically stipulate that the supreme body for public finance audit should be empowered with maximum wide control over tax revenues and, for this purpose, have access to tax returns and other documents.

- Adopted a **new version of the Law of Ukraine «On Accounting Chamber»**\(^{61}\), which was drafted with expert assistance of the GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) and the World Bank.

The Law defines the status of the Accounting Chamber as a public collegial body with the organizational, functional and financial independence, which exercises control over revenues to the State budget of Ukraine and their use. The Accounting Chamber conducts performance assessment and financial audit concerning:

- State-owned property management;
- Public debt management;
- Public procurement;
- Implementation of national target programs, investment projects, government orders;
- Provision of state aid to economic entities, execution of budget revenues and expenditures of the National Bank of Ukraine.

The objects under control of the Accounting Chamber are government authorities, local self-government bodies, other budget-funded institutions, including foreign diplomatic missions of Ukraine, economic entities, public or other organizations, state social and pension insurance funds, the National Bank of Ukraine and other financial institutions.

To ensure transparency, the Accounting Chamber submits quarterly to the Verkhovna Rada its conclusions on implementation of the Law on State Budget of Ukraine together with proposals to eliminate deviations and violations, and regularly informs the Parliament and the President of Ukraine on the results of public external control (audit), including facts of violation of budget legislation. Moreover, the Accounting Chamber also prepares and submits to the Verkhovna Rada an annual report on its activity, and posts the report on the official website for open public access.

- In order to implement the new edition of the Law of Ukraine «On the Accounting Chamber», **Methodological recommendations on conducting financial audit by the Accounting Chamber** were endorsed\(^{62}\).

Methodological recommendations have been developed according to the requirements and provisions of the International Standards of Supreme Audit Institutions (ISSAI), in particular, the Fundamental Principles of Public-Sector Auditing (ISSAI 100), Fundamental Principles of Financial Auditing (ISSAI 200) and the INTOSAI General Auditing Guidelines on Financial Audit (ISSAI 1000-1999).

The document contains practical recommendations for organising and conducting financial audit, specifies criteria for evaluation and its main stages.

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\(^{61}\) - [Law of Ukraine № 576-VIII](http://example.com).

\(^{62}\) - Decision of the Accounting Chamber of Ukraine № 5-5 of September 22, 2015.
10. Energy sector reform

In line with the Third Energy Package, accelerate the unbundling and restructuring of Naftogaz, adopt the law on the new regulatory body for gas, electricity and utilities and submit, for consultation with the EU side, draft laws on the gas and electricity market.

Serious progress was made in reforming of the energy sector

➢ The draft Law of Ukraine «On the National Commission for State Regulation of Energy and Public Utilities of Ukraine» was developed (reg. № 2966).

The draft Law is aimed at improvement of the state regulation in the energy sector, setting up in legislation the status of the NERC as an independent public collegiate body, as well as fulfilment of Ukraine’s commitments under the Association Agreement between Ukraine and the European Union and the provisions of the EU Third Energy Package.

The final version of the draft law, was modified by the MPs and experts, including the Energy Community Secretariat (reg. №2966-d) and is expected be presented to the Parliamentary debates in the nearest time.

Gas sector


➢ In order to implement the Law of Ukraine «On the Natural Gas Market»:

  o The Tax Code of Ukraine was amended relating to creation of preconditions for a new model of natural gas market;

The Tax Code provides the elements of VAT, rent for the use of subsoil for the extraction of natural gas and the collection of a target surcharge to the current tariff on natural gas for consumers of all forms of ownership in line with the provisions of the Law of Ukraine «On the Natural Gas Market».

  o The Customs Code of Ukraine has recently been amended relating to creation of preconditions for a new model of natural gas market.

The amendments will allow the natural gas replacement by the Ukrainian operator Ukrtransgaz. The Law, also, will allow providing customs clearance for natural gas that moved through the border by the means of the virtual reverse flow mechanism (technical definition - “backhaul”) or by an Operational Balancing Agreements (OBA), which are standard for Europe. The virtual reverse creates an additional capacity from 60 to 70 bcm a per year and its use allows to improve the liquidity of the internal market and to strengthen the security of supply;

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63 The Law of Ukraine (№ 329-VIII)
64 The Law of Ukraine (№ 812-VIII)
65 The Law of Ukraine (№ 994-VIII)
The draft Law of Ukraine «On amendments to Certain Laws of Ukraine to Ensure Conditions for Functioning of Natural Gas Market» has been elaborated and submitted to the Verkhovna Rada (reg. № 3325).

In accordance to the Law of Ukraine «On the Natural Gas Market», this draft Law provides for making conceptual amendments to the Code on Administrative Offences and about fifteen Laws of Ukraine (in particular, the laws «On Pipeline Transport», «On Oil and Gas», «On Natural Monopolies», «On State Property Privatization», «On Ensuring Commercial Accounting of Natural Gas»).

The adoption of the mentioned draft Laws is also the indicator for Ukraine to get the next tranche of EU macro-finance aid.

In order to ensure the effective implementation of the new legislation on the gas market, the set of the legal and ministerial acts have been elaborated and adopted.

- The number of decisions were adopted by Government, in particular:
  - In order to ensure payments for the consumed natural gas the Procedure of opening (closing) current accounts with a special use regime for enrolment of funds received for the consumed natural gas and the Procedure of payments for the consumed natural gas were approved. Also, the authorized banks for servicing current accounts of natural gas suppliers with a special use regime were determined⁶⁶;
  - The Procedure for setting up a natural gas insurance reserve was adopted⁶⁷;
  - The Procedure for holding competition/tender to determine a provider of “last resort” was adopted⁶⁸, the tender committee to determine a provider of “last resort” was created and statutes for this committee was adopted⁶⁹;
  - It was determined that independent examination of the initial data on projects for construction of gas transportation or gas distribution system facilities shall be carried out by independent organisations, which meet the criteria, laid out by the Ministry of Regional Development, Construction and Municipal Economy⁷⁰. The Ministry of Energy and Coal Industry, upon the agreement of the Ministry of Regional Development, Construction and Municipal Economy, was mandated to ensure formation and publication on the official website the list of relevant independent organizations;
  - The Rules for the pipelines protection were amended⁷¹;
  - The regulations on the use of gas distribution systems, owned by the state, were amended⁷².

- By the Orders of the Ministry of Energy and Coal Industry are approved:
  - The Rules for the security of the natural gas supplies, which determine:
    - the range of the protected customers and responsibilities of the subjects’ of power authorities, which are responsible for the security of the natural gas supply;

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⁶⁶ - Regulation of Cabinet of Ministers of Ukraine on September 30, 2015 № 792
⁶⁷ - Regulation of Cabinet of Ministers of Ukraine on September 30, 2015 № 795
⁶⁸ - Regulation of Cabinet of Ministers of Ukraine on September 30, 2015 № 809
⁶⁹ - Regulation of Cabinet of Ministers of Ukraine on October 21, 2015 № 873
⁷⁰ - Regulation of Cabinet of Ministers of Ukraine on September 30, 2015 № 813
⁷¹ - Regulation of Cabinet of Ministers of Ukraine on September 30, 2015 № 812
⁷² - Regulation of Cabinet of Ministers of Ukraine on September 30, 2015 № 796
the standards of conduct to ensure security of supply of natural gas for the natural gas suppliers and in regard to the objects of gas infrastructure;

the main risks to the security of the natural gas supply, approaches to their assessment and the measures are needed to reduce their impact.

The National Action Plan for the case of crisis situation related to gas supply\(^{73}\). The Plan has specified:

- levels of the crises situation and response system for eliminating (reducing) the overall negative impact of the crisis situation, the responsibilities of the subjects’ of power authorities and subjects of the natural gas market;

- conditions of the Crisis Committee activities;

- the mechanisms of international cooperation;

- the top-priority compulsory measures to be fulfilled for the natural gas supplies renewal.

The provisions of the National Action plan are obligatory for observance by all subjects of the natural gas market.

On the web-site of the Ministry of Energy and Coal Industry is published the Report for 2015 on results of the monitoring of the security of gas supplies, which contains information on the performed and measures that are planned in this context.

The Report was prepared in accordance with Article 29 of the Treaty establishing the Energy Community and covers gas sector, which is subject to EU Directives and Regulations set out in the Protocol on Ukraine’s accession to the Treaty establishing the Energy Community.

Also, by the NERC’s regulations have been endorsed:

- **Code of gas transportation system\(^{74}\);**

- **Code of gas distribution systems\(^{75}\);**

- **Code of gas storage facilities** and criteria, according to which a contractual access regime or a regulated access regime is applied to a certain gas storage facility\(^{76}\);

- **Rules of natural gas supply\(^{77}\);**

- **Standard natural gas transportation contract\(^{78}\);**

- **Standard contract of natural gas distribution\(^{79}\);**

- **Standard contract for storage (injection, extraction) of natural gas\(^{80}\);**

- **Standard contract of natural gas supply to residential consumers\(^{81}\);**

- **Standard contract of natural gas supply by a provider "of last resort"\(^{82}\);**

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\(^{73}\) Order of the Ministry of Energy and Coal Industry on November 2, 2015 № 687

\(^{74}\) Regulation of the NERC on September 30, 2015 № 2493.

\(^{75}\) Regulation of the NERC on September 30, 2015 № 2494.

\(^{76}\) Regulation of the NERC on September 30, 2015 № 2495.

\(^{77}\) Regulation of the NERC on September 30, 2015 № 2496.

\(^{78}\) Regulation of the NERC on September 30, 2015 № 2497.

\(^{79}\) Regulation of the NERC on September 30, 2015 № 2498.

\(^{80}\) Regulation of the NERC on September 30, 2015 № 2499.

\(^{81}\) Regulation of the NERC on September 30, 2015 № 2500.
- Algorithm for distribution of funds, enrolled on current accounts with a special use regime\(^83\);
- Methodology to determine and calculate tariffs for transportation of natural gas for the entry and exit points based on multi-year incentive regulation\(^84\).

- **The Plan to reform the gas sector\(^85\)**, which provides for restructuring of the Naftogaz of Ukraine until 2017, is being implemented. The Plan was prepared in consultations with the World Bank and the Energy Community Secretariat.

Within the framework of the Plan to reform the gas sector, and because of consultations with the Secretariat of the Energy Community and the international consultants, the NJSC «Naftogaz of Ukraine» is selecting a model of unbundling for the state-owned gas transmission system, which is not subject to privatization (model of unbundling OU, or ISO).

- In October 2015, the Cabinet of Ministers of Ukraine adopted an Action Plan of measures regarding the reform of corporative governance of the NJSC «Naftogaz of Ukraine», which had been developed jointly with PricewaterhouseCoopers’s consultants and Baker&McKenzie’s lawyers with the active participation and financing of the European Bank for Reconstruction and Development.

On December 4, 2015, the new organization charter of the NJSC «Naftogaz of Ukraine» was approved (foresees the model of gas transport system operator unbundling by way of the OU unbundling model (ownership unbundling), as well as Company’s restructuring plan).

The work of international consultants regarding the provision of advisory service on corporative governance for NJSC «Naftogaz of Ukraine» and PSC «UkrTransGaz» was started.

The key element of the plan is the establishment of a full Board of Directors, which will consist of independent directors and representatives delegated from the Ukrainian government, who will exercise real control over all activities of the company. For present time the selection of three independent members of the board is continuing.

The new organization charter of the NJSC «Naftogaz of Ukraine» was approved within the reform of Company’s corporative governance, as well as the administrative functions were delegated to the Ministry of Economic Development and Trade of Ukraine\(^86\).

The adoption of the NJSC «Naftogaz of Ukraine» reform plan is a prerequisite to obtain the revolving credit for the purchase of gas from European companies.

- **On October 3, 2015, the NJSC «Naftogaz of Ukraine» and the European Bank for Reconstruction and Development (EBRD) signed a 300 mln USD Loan Agreement in order to finance gas purchases from Europe in winter.**

On December 17, 2015, NJSC «Naftogaz Ukraine» and the EBRD held the first tenders for the gas supplies to Ukraine using the bank credit facilities.

The winners of tenders, which were determined according the lowest price criteria, will supply gas to Ukraine in December 2015 - January 2016. These supplies will be covered by part of the EBRD loan.

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\(^{82}\) Regulation of the NERC on September 30, 2015 № 2501.

\(^{83}\) Regulation of the NERC on September 30, 2015 № 2516.

\(^{84}\) Regulation of the NERC on September 30, 2015 № 2517.

\(^{85}\) Resolution of Cabinet of Ministers of Ukraine on March 25, 2015 № 375.

\(^{86}\) - Regulation of Cabinet of Ministers of Ukraine on December 5, 2015 № 1002.
On July 10, 2015, Ukraine signed the Memorandum of Understanding on a joint approach to the diversification and security of supply challenges in Central and South-Eastern Europe, as well as the Action Plan to accelerate the implementation of projects on the construction of gas transportation infrastructure.

The Memorandum provides Ukraine with ability to increase gas transit and pumping to underground storage facilities; for construction of interconnectors with Poland, Hungary and Romania and the ability to run the "great reverse flow" from Slovakia, as well as ensuring the diversification of supply routes and improvement of energy security.

The Signatories of the Memorandum are the European Union and 15 EU Member States and the Energy Community.

On November 4, 2015, during the session of the Verkhovna Rada Committee on Fuel and Energy Complex, Nuclear Policy and Nuclear Safety the Director Energy Community Secretariat Janez Kopač has underlined that Ukraine had mostly advanced in reforming of two sectors – gas and electricity, in particular, he has mentioned, that due to the rate of reform advance in the gas sector in line with European standards Ukraine has demonstrated to the Energy Community as well as to the other international institutions, that it could become a really reliable gas partner for the EU.

**Extractive industries transparency in Ukraine**

The international accounting standards for extractive industries were introduced in order to provide transparency for the subsurface users’ activities and to improve natural resource management system.

In particular, the Law obliges subsurface users and holders of special permits to use oil and gas subsoil to provide and publicize information on national and local taxes and fees, other payments, and on production (economic) activities. For its part, the public authorities responsible for public management within the area of the geological study, use and protection of natural resources, are obliged to make open for public information on the profile of geological study, use and protection of natural resources.

The Order on ensuring the transparency in the extractive industries was approved. The order defines a mechanism to collect and disseminate information on national and local taxes, fees and other charges, as well as contextual information (general view) by extractive industries, including information on production (economic) activities necessary for ensuring transparency in the extractive industries and training report pursuant to the requirements of Initiative extractive industries transparency (EITI).

The Order foresees that preparation of the report in accordance with the requirements of the Initiative is introduced from 2015.

The first Report will cover information on the oil and gas industry by 2013. It is envisaged that the report will be published in December 2015. The Report for 2014, which cover oil and gas, coal, iron ore and other industries, will be prepared in 2016.

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87 The Law of Ukraine (№ 528-VIII).
88 Regulation of Cabinet of Ministers of Ukraine on December 2, 2015 № 1039.
Indicate the information about all actually paid in cash and/or non-T cash/kind payments in the reporting period, the amount of which exceeds the threshold of materiality in the report. The amount of payments in non-cash/kind form is calculated in accordance with accounting rules.

The Order determines precise timekeeping for the collection, preparation, coordination, discussion and publication of the annual report.

Further, the EITI Report will be prepared annually.

- **On December 4, 2015, the first national report on the Extractive Industries Transparency Initiative Ukraine** was published.

The report includes the information for 2013 about the major oil and gas deposits of Ukraine, holders of licenses, extraction volumes and payments of companies to the budgets of all levels.

The document covers entities, regardless of ownership, which carried extraction of oil and/or natural gas, transportation of oil and/or gas throughout the territory of the country, and the central executive power authorities, local executive power authorities, public and budgetary enterprises, which collected regular and irregular payments from the oil and gas industry’s companies.

The report composed on the data that verified by an independent expertise and, in parallel, on the data, provided by extracting companies and public agencies.

*The Extractive Industries Transparency Initiative (EITI) – is an independent and freely supported at the international level Standard of transparency, which is being implemented in 46 countries. Ukraine was accepted as an EITI Candidate country in October 2013.*

*The Working implementation plan is the main instrument for the implementation of the EITI by the country. It must be prepared and approved by a multilateral group of interested persons. In Ukraine, the composition of this group was approved by the Order of the Ministry of Energy and Coal Industry on July 8 2014 №496. Its membership includes six representatives from the each central authorities, companies and NGOs.*

*One of the main requirements of the EITI is preparation of an annual report on EITI payments that carry the companies and revenues, related to the development of national natural resources, which are obtaining the governments of the countries. The report should include the data of the penultimate full accounting period. I.e. in 2015 published a report, which covers data for 2013. All companies that provide significant payments to the state should be involved into the report preparation.*

Ukraine was obliged to publish its first report on company payments and government revenues (oil and gas) by 17 October 2015.

Due to unforeseen circumstances which have arisen during the necessary data collection for the report and which therefore had influenced the preparation period for EITI report, the Ministry of Energy and Coal Industry in October 2015 has appealed to the Chairman of the EITI with a request to postpone publication of the first EITI report.

*The draft Law of Ukraine "On information disclosure in the extractive industries"*⁸⁹ is aimed at the implementation of the European Parliament and Council Directives 2013/34/EC, 2013/50/EC and 2007/14/EC, as regards of improvement of the transparency of economic activities in the extractive industries.

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⁸⁹ The Draft Law is published on the Ministry of Energy and Coal Industry web page on December 14, 2015.
The draft Law provides for the implementation of the international standards of transparent reporting in the extractive industry, in compliance with the EITI, particularly by consolidating the reporting rules for the extracting companies on payments, and, also, by establishment of a system of gathering, disclosure and dissemination of information on extractive industries and by ensuring the conditions for the annual EITI reports preparation.

**Electricity sector**

- Jointly with the Secretariat of the Energy Community a draft Law of Ukraine «On the Electricity Market» was developed (reg. № 4196)

The draft Law, in particular, is aimed at implementation of requirements of Directive 2009/72/EC concerning common rules for the internal market in electricity and Regulation (EC) № 714/2009 on conditions for network access for cross-border

About 30 subordinate acts, which aimed at implementation of the draft law provisions, are being under developing.

At present adopted:

- The Electricity Network Code^{90};
- The Order for conducting electronic auctions on distribution of bandwidth interstate electrical grid^{91};
- Standard contract on access to bandwidth interstate electrical grid of Ukraine^{92}.

- The work on the project «Feasibility Study on Synchronous Interconnection of Ukrainian and Moldovan Power Systems to ENTSO-E Continental Europe Power System» within the cross-border Cooperation Programme of the European Neighborhood and Partnership Instrument “Ukraine - Romania - Republic of Moldova 2007-2013” is continuing.

The results of the studies, executed by the Consortium of European system operators ENTSO-E, have shown that the interconnection of Ukrainian and Moldovan Power Systems to ENTSO-E is possible.

At the same time, the studies have indicated a variety of discrepancies existing between the regulatory and law requirements, which are applicable in Ukraine and generally accepted in the EU. In addition, it is necessary to install/modernize the existing system stabilizers in the units of 1000 MW nuclear power plants for damping vibrations in the united energy system of Ukraine.

According to the Amendments from December 28, 2015, to the Grant Agreement, the financing for studies extended until 30 September 2016.

To implement the tasks envisaged in priority, Ukrainian Party obtains financial and expert assistance of the Twinning Project «Support the National Commission for State Energy and Public Utilities Regulation (NEURC) of Ukraine in the process of electricity market reform», funding - 1.6 mln Euro for the period November 2015 - March 2018.

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^{90} Order of the Ministry of Energy and Coal Industry on December 15, 2015 № 813

^{91} Regulation of the NERC on February 12, 2015 № 176.

^{92} Regulation of the NERC on April 23, 2015 № 1308.
The main objectives of this part of the Agreement, in addition to the respective priorities of the Association Agenda, is the adherence to the principles of democracy, the rule of law, human rights and fundamental freedoms.

### Functioning of democratic institutions

- **With the aim of strengthening local and regional self-government, and implementation of decentralization reform** the following acts were adopted:
  - The Law of Ukraine «On Principles of the State Regional Policy»[^93], which determines the basic legal, economic, social, environmental, humanitarian and organizational principles of the State regional policy as an integral part of the national internal policy of Ukraine;
  - The Law of Ukraine «On Voluntary Amalgamation of Territorial Communities»[^94], aimed at establishing viable and self-sufficient communities that would own material and financial resources, territory and objects of social infrastructure, necessary for the efficient execution of tasks and functions delegated to their local self-government authorities, improving the quality of administrative, social and public services to the residents of local communities.
  - The Law of Ukraine «On Amendments to Certain Legislative Acts of Ukraine Relating to Decentralization of Powers in the Field of Architectural-Construction Control and Improvement of City Planning Legislation»[^95], which provides for transfer of functions to execute state architectural-construction control from the Ministry of Regional Development, Construction and Municipal Economy to local self-government and local government executive authorities, as well as for simplification of some permit and authorization procedures in the sphere of construction.

- **To implement the National Strategy of Regional Development for 2015-2017 the Government has approved the action plan** on fulfilment of this National Strategy for the period until 2020[^96]. The Action plan provides, in particular for the tasks aimed at:
  - Improvement of the regional development planning mechanism (elaboration of action plans on fulfilment of regional development strategies for 2015-2017 and regional development investment programs (projects) are envisaged);
  - Ensuring stable and predictable financing of regional development. The tasks have been provided with the purpose of financing the regional development programs (projects) at the expense of:
    - The State Regional Development Fund,
    - The EU sector budget support;
    - Through the public-private partnership mechanism;

[^93]: The Law of Ukraine № 156-VIII.
[^94]: The Law of Ukraine № 157-VIII.
[^95]: The Law of Ukraine № 320-VIII.
[^96]: The Resolution of the Cabinet of Ministers of Ukraine of 7 October, 2015 № 821.
- Improvement of the regional development monitoring and assessment. Among the tasks are - development of the order and method of calculating the index of regions’ competitiveness and regional human development index and calculation of forecast values up to 2020, bringing the regional statistics system of Ukraine in compliance with the EU standards;

- Institutional provision of regional development.

To implement the tasks of this chapter, the Ukrainian side has attracted expert and financial assistance of the following projects:

- «Partnership for Local Economic Development and Democratic Governance» (Canada), project budget – about 19.5 mln CAD for the period: 27.03.2015 – 30.06.2021;


- «Unite for Reforms (Public Society Strengthening in Ukraine)» (USA), project budget – 18.6 mln USD for the period: 01.10.2008 – 30.09.2016;

- «Political Process Strengthening in Ukraine (Component II)» (USA), project budget – 6.7 mln USD for the period: 01.10.2009 – 01.04.2016;

- «Political Process Strengthening in Ukraine (Component III)» (USA), project budget – over 10 mln USD for the period: 01.10.2009 – 01.04.2016;


Reform of law enforcement bodies

➢ For further reform of a system of internal affairs the amendments to certain legislative acts of Ukraine97 were made. These amendments aimed at optimisation of the structure of the bodies of internal affairs, differentiation and eliminate duplication of their authority, deprivation of departments of internal affairs bodies from uncharacteristic functions.

➢ The Law of Ukraine «On the National Police»98 was adopted, which provides for:

- Establishment of the National Police as a central government authority, which is coordinated by the Minister of Internal Affairs of Ukraine; liquidation of Directorates of internal affairs at oblast and rayon levels;

- Appointment of a Head of the National Police and heads of the police units on a contract basis for the term of 5 years;

- Establishment within the National police a Police commission, 3/5 members of which will be human rights activists and other civilians;

- Appointment to positions in the police through competitive selection, which will be carried out by Police commissions with using a polygraph;

- The right of local councils to dismiss by the majority vote any officer of the public security police (patrol, precinct) and traffic police.

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97 Law of Ukraine № 193-VIII

98 Law of Ukraine № 580-VIII entered into force on 7 November 2015. Hatia Dekanoyidze was appointed by the Cabinet of Ministers of Ukraine as the head of the National Police on 4 November, 2015.
The Ministry of Internal Affairs acts as the civilian body, which ensures public safety and order from 7 November 2015. The Minister of Internal Affairs only creates policies and coordinates the activities of the National Police.

The Cabinet of Ministers of Ukraine has approved the National Police Regulations. The National Police main tasks are:

- Performing the public policy in the spheres of ensuring the protection of human rights and freedoms, interests of the society and the state, combating crime, maintaining public safety and order;
- Submitting for the Interior Minister’s consideration proposals on ensuring the public policy formation in the mentioned spheres;
- Providing to the extent permitted by law, services of assistance to those who for personal, economic and social reasons or because of emergencies requiring such assistance.

The draft Law of Ukraine "On the Disciplinary Statute of the National Police of Ukraine" was developed (reg. № 3857).

The Police Disciplinary Statute defines the essence of discipline, the staff’s powers for compliance with, as well as the procedure of their application and appeal.

Also there were developed:

- the draft Code of Police Ethics;
- the Order for activity of police commissions;
- the Typical procedure for competition for entering upon the police service and/or the occupation of vacant positions.

The above-mentioned procedures define criteria of requirements for candidates for the police service.

- The Law of Ukraine «On the State Bureau of Investigation» was adopted. The Law establishes the legal basis for the organization and activity of the State Bureau of Investigation as a government law enforcement agency, entrusted with the functions of preventing, detecting, stopping and solving crimes within its competence, namely:
  - Detecting, solving and investigating crimes related to the activity of criminal organizations, terrorism, and particularly serious violent crimes;
  - Preventing, solving and investigating crimes associated with torture and other brutal, inhuman or degrading kinds of treatment and punishment, committed by investigators (detectives) of the National Anti-corruption Bureau, Security Service of Ukraine, internal affairs bodies, as well as prosecutors;
  - Solving and investigating corruption offences and corruption-related crimes, committed by officers of the National Anti-corruption Bureau of Ukraine and prosecutors of Specialized Anti-corruption Prosecutor's Office.

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99 The resolution of the Cabinet of Ministers of Ukraine of 28 October 2015, № 877.
100 The Law of Ukraine № 794-VIII will come into force on 1 March 2016.
The draft of the Law of Ukraine «On Provision of Services and Service Centres of the Ministry of Internal Affairs of Ukraine»\(^{101}\) (reg. № 2567) determines deadlines for providing services by the centres, in particular:

- Issuing driver's licenses (including international) — five working days;
- Vehicle registration or removal a vehicle from registration — one working day;
- Issuing a registration certificate for the weapons of a standard form, or a document that certifies writing-off the weapons — one working day;
- Issuing a document about the absence (presence) of a criminal record or the restrictions stipulated by the criminal procedure legislation of Ukraine — five working days;
- Conducting by the specialist of the service centre a vehicle test/check - forty-five minutes.

The EU Advisory Mission for Civilian Security Sector Reform (EUAM) continues its operations.

The Mission's activities focus on supporting the elaboration and implementation of the reform strategy for civilian security sector in Ukraine, primarily reform of internal affairs bodies and system of justice, establishing coordination between law enforcement bodies, judicial system, security and border authorities, defence units. In addition, the EU Mission monitors implementation of the decisions taken, and provide assistance in conducting training for the staff of the civilian security sector.

In 2015 the Mission’s representatives visited regions of Ukraine with the purpose of examining the organization, methods and resources of the local units of militia, state border service, public prosecutor’s office, and judicial bodies to conduct detailed analysis of the regions’ needs in civil security.

The issue on renewing the EUAM mandate initiated by the EU Side in response to Ukraine’s request on more active attractiveness of the international community to the efforts towards regulation of the situation in Eastern Ukraine as a result of aggression of the Russian Federation is being studied. In view of the EU’s unavailability to join the peacekeeping activity through launching the crisis management operations in Ukraine, the EU Side has proposed to broaden the mandate of the acting since December 2014 Mission in Ukraine.

Work on signing between Ukraine and Europol the Operational Cooperation Agreement is being continued that enables to exchange information about concrete investigations including exchange of personal data, in other words to reach a new level of interaction with the European Union member states in combating international crime.

In December 2015, the Europol Joint Supervisory Body adopted a positive decision on launching officially negotiations presses on concluding the Operational Cooperation Agreement.

On 13 July 2015, the Memorandum on mutual understanding between Ukraine and the European Police Office on the secure line of communication establishment entered into force\(^{102}\).

Entering into force of this Memorandum is a precondition for concluding the Operational Cooperation Agreement with Europol.

\(^{101}\) The draft was approved in the first reading on 14 July 2015.

\(^{102}\) Ratified by the Law of Ukraine № 507-VIII.
The Law of Ukraine «On Probation» provides for establishment in Ukraine the system of probation as a system of supervisory and socio-educational measures, applied by court decisions and in accordance with the law to persons who are supposed to be brought or were brought to criminal responsibility; introduction of certain types of criminal punishment other than imprisonment, and provision the court with information characterizing the accused person.

To implement the tasks of this chapter, the Ukrainian Side has attracted expert and financial assistance in the framework of the Project «Support to Justice Sector Reforms in Ukraine» (EU), project budget – about 8.6 mln EUR for the period: 07.10.2013–06.12.2016.

Reform of patrol service

Reform of traffic patrol service of State automobile inspection and patrol service is ongoing.

As of 1 January 2016, the new patrol service is already operational in Kyiv, Odessa, L’viv, Kharkiv, Dnipropetrovsk, Mykolaiv, Lutsk, Uzhgorod and Mukachevo (6490 patrol officers). 3170 patrol officers are being trained in fourteen cities of Ukraine and competitive selection of candidates are continuing in nine cities of Ukraine.

In addition, in 2015 an experiment with the introduction of new forms and methods of work in Sambir town department of the Interior Ministry of Ukraine in L’viv region was implemented.

Human rights and fundamental freedoms

The National Human Rights Strategy was approved. The Strategy was elaborated with assistance of the UN and Council of Europe experts, and accounts for basic elements of the EU strategy on human rights and democracy adopted in June 2012. The strategy also reflects the human rights problems that have been identified by the UN human rights mechanisms while studying the laws of Ukraine.

The strategy aims to address major systemic problems in the protection of human rights and freedoms, as well as new challenges faced by the society through armed conflict, which began after the events of the Revolution of Dignity.

The Strategy presents 24 strategic areas, covering basic rights and freedoms.

The Action plan on implementation of the National Strategy for Human Rights until 2020 was approved.

The Strategy was developed by the Working Group, composed of representatives of the concerned state bodies, civil society, international organizations (UN, OSCE, EU, CoE), leading international experts in human rights, MPs and judges.

To implement the tasks of this Association Agenda priority, the Ukrainian Side has attracted expert and financial assistance of the project «Increasing the level of institutionalisation in public administration system» (Turkish Republic), project budget – about 132 thousand USD for the period: 30.10.2014 – 16.11.2015.

103 The Law of Ukraine № 160-VIII.
104 The decree of the President of Ukraine of 25 August, 2015, № 501
105 The order of the Cabinet of Ministers of Ukraine of 23 November, № 1393-p
**Freedom of assembly**

- The Verkhovna Rada of Ukraine has been considering such drafts of Laws of Ukraine:
  - On guarantees of freedom of assembly (reg. Number 3587);
  - On guarantees of freedom of assembly in Ukraine (Reg. № 3587-1).

The Drafts are expected to settle in particular the issue of providing the right of freedom of peaceful assembly, establishing clear and exceptional reasons and ways to limit freedom of assembly, guarantee the right to simultaneous peaceful assembly, including counter-assembly, to spontaneous peaceful assembly, creating legal guarantees for protection freedom of peaceful assembly.

**Combating torture and inhuman and degrading treatment**

- In order to pursue penitentiary reform the following draft laws were elaborated:
  - On amendments to the Law of Ukraine "On pre-trial detention" relating to implementation of certain standards of the Council of Europe (reg. № 2291)\(^{106}\).
  - On amendments to the Criminal Procedure Code of Ukraine relating to improving guarantees of access of prisoners and persons taken into custody to the court (reg. № 2255a)\(^{107}\).
  - On amendments to the Criminal Procedure Code of Ukraine relating to serving a sentence in form of imprisonment (№ 2253a)\(^{108}\).

The draft Law contains provisions aimed at improving the practical observance of the presumption of innocence:

- consolidation of contacts with the outside world as a rule, not as an exception (date, phone calls, mail, Internet);
- setting time limits for restricting human rights and consolidation of other procedural safeguards, such as providing with a copy of relevant decision;
- demand of careful study of human rights limitations applicable to prisoners, particularly with regard to contact with the outside world;

The draft of Law provides solution of the problem concerning identification of the court, which prisoners can/should complain to about their living conditions. The current procedure is unclear and raises practical obstacles for prisoners, which was confirmed by the European Court of Human Rights ("Vintman against Ukraine").

The draft Law also provides an exemption for prisoners from court fees if they do not have enough money on their accounts.

The draft Law aims to address the problem of accommodation for prisoners serving sentences in prisons that are too distant from their home (sometimes up to 1000 km), and introduces additional safeguards that would ensure the right to serve his sentence much closer to home or relatives. The appropriate requirements are stipulated by the European Prison Rules.

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\(^{106}\) The draft was approved in the first reading on 10 December, 2015.

\(^{107}\) The draft was approved in the first reading on 10 December, 2015.

\(^{108}\) The draft was approved in the first reading on 10 December, 2015.
o The amendments to the legislation on the enforcement of criminal penalties and the rights of prisoners (reg. № 2490a) aims at:

- regulation of certain issues of execution process and serving of punishment, other than imprisonment;
- specification of the order and conditions of serving punishment of restraint and imprisonment;
- ensuring the conditions for the real possibility of prisoners to use rights granted to them;
- establishment criminal liability for evasion of serving punishment of some and further humanization of criminal executive legislation.

**Combating discrimination**

- Changes to the Labour Code of Ukraine were approved in order to harmonize with the European Union law on preventing and counteracting discrimination\(^{109}\). The Law is aimed at bringing legislation of Ukraine in compliance with the provisions of the Council Directive 2000/78/EC, which establishes the general framework of equal treatment in employment and occupation. In particular, Article 21 of the Code was supplemented with the list of grounds on which discrimination is prohibited on such grounds as "sexual orientation", "gender identity", "disability".

Adoption of the Law is the criterion of the recommendations contained in the fifth European Commission report on Ukraine's progress in implementing the Action Plan regarding the liberalization of the EU visa regime.

- In addition, the draft law On Amendments to Certain Legislative Acts of Ukraine (relating to harmonization of legislation on prevention and counteraction of discrimination with the European Union law) was (reg. № 3501).

The draft Law amends the Law of Ukraine "On Principles of Prevention and Combating Discrimination in Ukraine", the Code of Ukraine on Administrative Offences and the Criminal Code of Ukraine and aimed at:

- the clear definition of all forms of discrimination in order to set safeguards to protect against the forms of discrimination that actually exist, but at present are outside the regulation;
- the clear definition of the list of circumstances for establishment certain restrictions or granting privileges if their validity will not be able to be considered as discrimination;
- providing for the Ukrainian Parliament Commissioner for Human Rights powers to publish necessary for fulfilment requirements for eliminate violations of legislation in the sphere of combating discrimination according to the results of consideration of appeals of individuals and/or groups of individuals;
- establishment of administrative responsibility for discrimination(instead of criminal sanctions). These changes will ensure proportionality of responsibility for violation of legislation in this area and significantly simplify the procedure of considering cases of discrimination by the courts.

\(^{109}\) The Law of Ukraine № 785-VIII.
The assessment mission of EC regarding the fulfilment of the Action Plan on liberalization of the EU visa regime recommended the establishment of administrative responsibility for violation of legislation on prevention and combating discrimination instead of criminal Ukraine.

**Establishing gender approaches**

- In order to **ensure equal treatment approach in the activities of public authorities** to the Strategy on human rights\(^\text{110}\) were included sections:
  - “Equal rights and opportunities for women and men”;
  - “Preventing and combating discrimination”.

  - The draft of Typical Regulation on the Counsellor for ensuring the equal rights and opportunities for women and men was developed and for now is under approval.

Regional, Kyiv City State Administration, Lugansk and Donetsk military and civil administration were sent the recommendations for ensuring equal rights and opportunities for women and men and attracting advisers on gender issues.

9 advisers on gender issues have been working in the local bodies in Kiev at the end of 2015.

- **The Expert council on combating discrimination by sex**

  The council consists of professionals and experts on gender issues (10 experts from 23-members are the representatives of international and non-governmental organizations).

  The Expert council received 39 complaints during the period 2010-2015 regarding the peer review the presence of discrimination. 49 identified facts of violations were fixed. The subject of majority applications were advertising products, promoting negative stereotypes regarding the roles of women and men.

  As a result, the discriminatory advertising was removed from seventeen objects and eight advertisers paid fines according to the advertising law.

The Ukrainian Side in order to implement the tasks of priority has attracted expert and financial assistance in the framework of such projects:

  - «Gender Budgeting in Ukraine» (Sweden), project budget – 46,6 million SEK, for the period 12.11.2013 – 31.12.2018;
  - «Taking into account the principle of equal rights and opportunities for women and men in the reform of the judiciary in Ukraine» in the framework of USAID project «True justice» (USA, USAID), project budget – 660 thousand US dollars, for the period 01.08.2015 – 01.05.2016.

\(^{110}\) The decree of the President of Ukraine of 25 August, 2015, № 501
The work continues on a new version of the Law of Ukraine «On Television and Radio» with the assistance of the Council of Europe and the EU joint project «Promotion of European Standards in the Ukrainian Media Environment».

In the process of creation of the Public Television and Radio Broadcasting (according to the Law of Ukraine «On Public Television and Radio Broadcasting of Ukraine») the Cabinet of Ministers of Ukraine adopted Resolution "Some issues of formation of JSC «National Public Broadcasting Company of Ukraine»".

It is foreseen to transfer the National TV Company under the management of the State Committee on TV and Radio, establish a commission on reorganization of entities defined in Article 1 of the Law of Ukraine «On Public Television and Radio Broadcasting of Ukraine» and create JSC «National Public Broadcasting Company of Ukraine».

In order to create the conditions necessary for journalists to work freely, to protect them from threats or actual violence, and given the new threats and challenges faced by the journalist community arising out of aggression of the Russian Federation and terrorist activities of pro-Russian militants in Eastern Ukraine, some legislative acts of Ukraine on strengthening guarantees of legal journalistic activities were amended.

In particular, this Law supplements the Criminal Code of Ukraine with new articles (Articles 345-1, 347-1, 348-1, 349-1), which envisage responsibility for:
- threat or violence against journalists;
- deliberate destruction or damage of property of a journalist;
- infringement on life of a journalist;
- taking a journalist as a hostage.

To ensure transparency of ownership of media, the legislation of Ukraine, which requires entities to disclose information of the actual structure of ownership and provide information on the final beneficial owner (controller) of companies, was amended.

The Law of Ukraine «On the reform of state and municipal printed media» was adopted.

The law aims to limit the impact of state and local bodies on editors of print media, minimizing of print media usage to manipulate public consciousness and personal opinion of citizens.

The law defines the ways of reforming the print media and editorial boards, and the state support for local print media on reforming sphere of distribution areas. Ukraine as the member of the Council of Europe had to adopt the Law. To implement the tasks of this Association Agenda priority, the Ukrainian Side has attracted expert and financial assistance of the following projects:

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111 The resolution of Cabinet of Ministers of Ukraine of 5 August, 2015, № 567.
112 The Law of Ukraine № 421-VIII.
113 The Law of Ukraine № 674-VIII.
114 The Law of Ukraine № 917-VIII.
o «Facilitating journalist investigations» (Canada), project budget – about 3 mln CAD for the period: 01.04.2014–30.06.2017;

Foreign and security policy

➢ Ukraine continues to practice adherence to the statements and addresses of the EU on international issues, including in the framework of international organizations (the UN and its organs and agencies, OSCE, MAGATE, etc.). As of December 31, 2015, Ukraine adhered to 4476 statements out of 5404.

➢ In the framework of cooperation in the field of security and defence, the Administrative agreement between the Ministry of Defence of Ukraine and the European Defence Agency was signed115.

The Administrative agreement will be a practical tool for deepening military and technical cooperation between Ukraine and the EU, in particular between military-industrial complex enterprises of Ukraine and Agency Member States, and will contribute Ukraine to involve in European research and technology development in the field of defence.

➢ The Verkhovna Rada of Ukraine ratified the Agreement between the Cabinet of Ministers of Ukraine, the Government of the Lithuanian Republic and the Government of the Republic of Poland on the establishment of a joint military unit116.

Implementation of the Agreement will promote active participation of Ukraine in the regional initiatives, aimed at strengthening peace and stability. Main objective of the Unit is to participate in the international efforts on peace guarantee, to deepen regional military cooperation and to establish the basis for creation of EU the combat team out of the Unit.

In addition, The Ministry of Defence of Ukraine, the Ministry of National Republic of Lithuania and the Ministry of National Defence of the Republic of Poland have signed Technical Agreement on detailed aspects of the joint military unit and its command117.

The headquarters of the Joint Military was officially opened on 25 January, 2016.

➢ As a part of Battle Group (BG) EU member states of the Visegrad Four (Poland, Slovakia, Hungary, Czech Republic) signed note on Ukraine's accession to the Memorandum of Understanding on the formation of the Visegrad EU Battle Group.

➢ As a part of the work to attract assets to duty in the first half of 2016.

115 On 7 December, 2015
116 The Law of Ukraine № 143-VIII. The Agreement was signed on 19 September 2014.
117 The Agreement was signed on 24 July 2015.
Combating terrorism

- Ukraine signed Additional Protocol to the Convention on the Prevention of Terrorism\(^{118}\).

The document introduces criminal liability for a number of offenses, including deliberate participation in a terrorist group, participation in the course for preparation to terrorist acts commitment, fact of travelling abroad with a terrorist purpose, financing or organizing such trips.

The Protocol also creates a network of national contact points available around the clock for the rapid exchange of information.

Ukraine has become the eighteenth Member State of the Council of Europe, which has signed this international instrument.

Ratification of the Rome Statute of the International Criminal Court (ICC)

- On 16 January 2015 the draft Law of Ukraine «On Amendments to Article 124 of the Constitution of Ukraine (relating to acceptance of the ICC jurisdiction under the Rome Statute)» was registered in the Verkhovna Rada (reg. № 1788).

In addition, on 25 November 2015 the President of Ukraine submitted to the Verkhovna Rada of Ukraine the draft Law on amending the Constitution of Ukraine (on justice) (reg. № 3524).

The draft Law, in particular, proposes to amend Article 124 of the Constitution and introduces provisions that Ukraine may recognize the jurisdiction of the International Criminal Court on the terms specified by the Rome Statute of the International Criminal Court.

\(^{118}\) On 28 October, 2015
Significant progress is achieved.

- On 18 December 2015, the European Commission presented the Sixth Report on implementation by Ukraine of the Action Plan on EU Visa Regime Liberalization.

In this regard, the European Commission will prepare a legislative proposal to amend the EU Regulation.

The following activities took place regarding the implementation of the Action plan on EU Visa Regime Liberalization for Ukraine:

- **In March 2015, the EU expert missions were held** to assess implementation of the Action plan on EU Visa Regime Liberalization for Ukraine.

Based on results of missions’ findings, EU experts stated significant progress in the fulfilment of the relevant Action plan benchmarks by Ukraine, although noted that a number of issues still needs to be resolved.

- **On 20 September 17, 2015, the report on implementation by Ukraine benchmarks of the second phase of the Action Plan on EU Visa Regime Liberalization was submitted to the European Commission.**

The transfer of this report enabled the launch of preparations for the next round of the EU expert missions on assessment of Ukraine's progress in fulfilment of the second stage Action plan criteria and the Fifth EC report recommendations, published on 8 May 2015.

- **In order to assess progress in implementation of the Action plan on EU Visa Regime Liberalization by Ukraine, in autumn 2015** the following **EU expert missions took place:**
  - On border management (31 August – 4 September);
  - On fighting corruption (1-4 September);
  - On document security (2-4 September);
  - On issues of law enforcement cooperation, fighting organized crime and illegal drugs (7-11 September);
  - On migration and asylum policy (21-25 September);
  - On trafficking in human beings (21-25 September);
  - On counteracting discrimination (21-25 September);
  - On issues of money laundering and financing of terrorism (28 September – 2 October).

Based on results of expert missions the aforementioned Sixth report was prepared.

- **Within the activity on the introduction of contactless electronic device documents** during the report period the State Migration Service of Ukraine provided:
  - From 12 January 2015 – the issue in Ukraine of the Ukrainian citizen’s international passports with contactless electronic device;
  - From 21 May 2015 – the issue in Ukraine of diplomatic and service passports of Ukraine with contactless electronic device;
From 3 June 2015 – the issue of the Ukrainian citizen’s international passports by foreign diplomatic institutions;

From 11 January 2016 – the issue of the Ukrainian citizen’s passport in the form of the ID-card.

As of 1 January 2016, 1 201 375 Ukrainian citizen’s international passports have been issued from the beginning of 2015, including 879 911 - with contactless electronic device.

- With the EU financial assistance (35.7 mln UAH in the framework of the Agreement on financing the programme «Support to sector border management policy in Ukraine») and the funds allocated by the Government of Ukraine (150 mln UAH), 610 terminals for biometric identification were purchased and software for terminals issuing biometric passports developed.

Within the framework of the information-communication infrastructure establishment of the Single information-analytical system of migration management:

- Relevant components of this System for 204 territorial units of the State Migration Service of Ukraine were established;

- Data Centre System which provides functioning of the «Registration of documents confirming the citizenship of Ukraine” and “Register of foreigners and refugees» subsystems was launched. The protected telecommunication network was launched in the State Migration Service with access of its territorial units to the network.

- The functioning of the following Registers has started:
  - of issuing of the Ukrainian citizens’ international passports by foreign diplomatic institutions;
  - of issuing in Ukraine of diplomatic and service passports of Ukraine with contactless electronic device.

- Work on foreigners’ personal data integration to the «Register of foreigners and refugees» subsystem database was completed. The territorial units of the State Migration Service of Ukraine were granted an access to the subsystem in terms of printing temporary residence and permanent residence certificates;

- software for transferring 9.5 mln records of the personal data of the State information system of individuals register and their documentation to the Single state demographic register was created;

- Program module «Invalid documents» was introduced. Access for the territorial units of the State Migration Service of Ukraine on logging data on lost, stolen, seized, returned to the State, declared invalid and destroyed documents was launched.

- The Concept of creating the national system of identification of citizens of Ukraine, foreigners and stateless persons was approved.

The concept sets the general principles and procedure of creating a national system of identification of citizens of Ukraine, foreigners and stateless persons. Because of the Concept implementation an efficient, transparent, high-tech, secure national system of identification of citizens of Ukraine, foreigners and stateless persons will be created.

Resolution of the Cabinet of Ministers of Ukraine № 1428 of 23 December 2015.
In order to avoid cases of artificial "delaying" of the issue of passports and minimize the loading of the territorial migration authorities the online service on the check of passports issuing progress was launched.

Amendments to some laws of Ukraine concerning the documents certifying the citizenship of Ukraine, identity a person or his/her special status were drafted aimed at liberalizing the EU visa regime for Ukraine (reg. № 3224). The draft Law aims to clarify the list of documents to identify person, certify citizenship of Ukraine or the special status of a person with contactless electronic chip or without it, the legal status of certain categories of persons and the elimination of legal gaps in the current legal regulation.

The consultations regarding the draft Agreement on legal cooperation between Ukraine and the European Union's Judicial Cooperation Unit (Eurojust) are finalized. In August 2015 the draft Agreement was submitted to the Council of the European Union for its translation into all official languages of the Member States. The approval of the draft Agreement by the EU Council will be in the form of the Implementation decision. The document was also sent to the European Parliament.

It is expected that the EU can take a decision on approval of the draft Agreement not earlier than February 2016.

Agreement with Eurojust would create the legal basis for the use by our state of the organization’s capabilities for rapid exchange of information, coordination in combating cross-border crime, facilitation of collection of evidence, legal assistance and extradition.

Cooperation on border management, migration and asylum

The Concept of the integrated border management approved. The implementation of the Concept planned until 2020.

The Concept takes into account changes in the security environment, including the aggressive actions of Russian Federation in some areas of Donetsk and Lugansk regions of Ukraine, temporary occupation of Crimea by Russian Federation, the migration crisis in the EU member states bordering with Ukraine as well as incomplete legal regulation of state borders and the urgent need for the implementation of European standards in the field of integrated border management, border-, customs- and other state control of the state border.

These problems are to solve by means of:

- Cooperation with the EU and border agencies of the countries bordering Ukraine;

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120 On 28 January 2016, the draft Law was approved in the first reading.
121 Forwarding of the draft Agreement to the European Parliament is connected with the approval on 16 April 2015 of a decision of the Court of Justice in joined cases C-317/13 and C-679/13, which establishes the necessity for consultations with the European Parliament during the adoption of implementing decisions.
Further cooperation with International and European organizations (FRONTEX, INTERPOL), the EU member states and the Black Sea states;

Coordination of the activities of the state agencies and local governments concerning the compliance with regimes on the state border, modernization of state border protection system considering modern challenges and threats, development of information, operational, technical and physical components of the system.

It is provided for the establishment of a continuous surveillance zone in the sea area of the state border, risk analysis system and criminal analysis improving, introduction of modern control, monitoring and information technologies, improvement of border crossing of persons, vehicles and goods at checkpoints across the state border. It is also expected to reduce the amount of control bodies at checkpoints across the state border and the introduction of advanced technologies, including biometric control.

- **Strategy of the Development of the State Border Service of Ukraine was approved**\(^{122}\).

   The Strategy defines the strategic goals of the State Border Service, the basic principles and objectives of the timing of their achievements and performance indicators in short (until 2017) and medium term (until 2020).

   Advisors of EUAM Advisory mission and experts of EUBAM to Ukraine and Moldova were involved to discuss strategic directions of the State Border Service

- **The Concept of the State targeted law enforcement program «Organisation and Reconstruction of the state border» until 2020 was approved**\(^ {123}\).

   The Concept among the main tasks of the State Targeted Program identified:

   - Completion of contractual and legal arrangement of the state border;
   - Improvement of the order of joint patrolling of the state border with EU member states, Moldova and coordinated patrolling of the state border with the Republic of Belarus;
   - Improvement of engineering and technical arranging of state border;
   - Development and improvement of the network of checkpoints across the state border, creation of modern infrastructure appropriate equipment of technical systems and means of customs, environmental and radiological control;
   - Creation of integrated information system of coverage of surface and underwater situation in the Black and Azov seas, and the Dnieper and the Danube river basins for early detection and taking appropriate management decisions;
   - Technical re-equipment with modern models of arms and military equipment, control and surveillance equipment of integrated border management subjects, the introduction and modernization of information and telecommunication systems.

- **Action plan of the organization of the joint operational protection of state borders with the EU member-states - the Republic of Poland, the Slovak Republic, Romania and Hungary and the Republic of Moldova is implementing**\(^ {124}\).

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\(^{122}\) The Resolution of the Cabinet of Ministers of Ukraine of 23 November 2015 № 1189-p.

\(^{123}\) The Resolution of the Cabinet of Ministers of Ukraine of 11 November 2015 № 1179-p.

\(^{124}\) The Resolution of the Cabinet of Ministers of Ukraine of 8 July 2015 № 695-p.
Action Plan provides the transition to the operational mode of the protection of state border with the EU member-states in order to further redistribution of forces and means of State Border Service of Ukraine aimed at strengthening of Ukrainian-Russian border protection.

The Document provides measures for the implementation of joint border control at checkpoints, joint patrolling of the border, improvement of operational information exchange and risk analysis on the border with the EU member-states and the Republic of Moldova.

- Direct access to the databases of Interpol in Lyon from the server of the State Border Service of Ukraine through Ukrainian bureau of the Ministry of Internal Affairs is obtained.
- 39 checkpoints connected to the Interpol database.
- The Procedure of data exchange between the subjects of integrated border management is approved\(^\text{125}\). Priorities of data exchange cooperation are:
  - development of new approaches to integrated border management;
  - improvement of cooperation mechanisms between the actors;
  - exchange of open statistical and analytical information;
  - joint analytical studies.

The provisions of the Second Protocol provided in particular to increase the period of stay of citizens of Ukraine - the inhabitants of border areas in the territory of fifty-kilometer border zone of Poland. Citizens of Ukraine will receive permits for simplified border crossing with the right to stay in the border area of Poland to ninety (90) days every time from the date of entry.

In addition, the fee for receipt and consideration of the first application for such a permit will be 20 EUR, while the following permits will be issued free of charge. Also exempt from payment for permits are disabled persons, pensioners and children under 18 years.

The provisions of the Second Protocol contain four additional settlements of Ukraine, the inhabitants of which are covered by the Agreement (Hevyn, Orani and Rusniv of Volynsky region, Tysovets of Lviv region).

- Negotiations on the Agreement between the Government of Ukraine and the Government of Romania on joint patrols at Ukrainian-Romanian border are at the final stage.
- Draft Agreement between the Government of Ukraine and the Government of Slovakia on the introduction of joint control worked out by the Ukrainian side. It was submitted to the Slovak side in November 2015. The work on finalizing of the draft Agreement adjustment continues.
- In October 2015, the Polish side informed about the willingness to improve the procedures of joint control at checkpoints.

It was agreed on joint border control in certain areas at checkpoints "Shehyni - Medica",

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\(^{125}\) Joint order of Ministry of Interior, Ministry of Infrastructure, Ministry of Foreign Affairs, Ministry of Finance, the Security Service of Ukraine.

\(^{126}\) The second protocol is committed on 17 of December 2014 and approved by the Resolution of the Cabinet of Ministers of Ukraine on June 4, 2015 № 365.
"Krakivets - Korchova", "Rava-Ruska - Hrebenne", "Ustyuh - Zosin" after their respective reconstruction and construction of adjacent infrastructure and access ways.

➢ It was agreed with the Hungarian side to establish contact (consultative) point on the checkpoint "Záhony" (Hungary).

Arrangement works to be conducted at the expense of international technical assistance under the Cross Border Cooperation Programme of the European Neighborhood and Partnership Instrument.

➢ The Ukrainian side has received agreement in principle of Romanian and Moldovan sides on Ukraine's accession to the Agreement between the Government of Romania and the Government of the Republic of Moldova on the establishment and functioning of the Joint contact center "Galaz".

To implement the tasks of this chapter, the Ukrainian side has attracted expert and financial assistance in the framework of the project «The development of modern infrastructure of the Border Service units» (EU), project budget – about 8 mln EUR for the period: 01.09.2012 – 31.12.2015.

On the Ukrainian-Belarusian State border

The field demarcation works have been started. The Project on the border marks demarcation along the whole length of the border was approved. The Joint Demarcation Commission began the demarcation works on the ground.

In the framework of implementing the Demarcation plan of the Ukrainian-Belarusian State border as of January 1, 2016, on the Ukrainian-Belarusian State border 404 km of boundary lines were demarcated, and 977 locations for setting border marks were defined (within Volyn, Rivne and Chernihiv regions) and the Belarusian Working Group established 413 border marks (in Volyn region).

To implement the tasks of this area, the Ukrainian Party has attracted expert and financial assistance of the following projects:

- «Creation of an Electronic System of Pre-arrival Information Exchange between the Customs Authorities of the Republic of Belarus and Ukraine (PRINEX)» (EU), project budget – 3.7 mln EUR;
- «Strengthening surveillance capacity on the green and blue border between Belarus and Ukraine» (SURCAP) (EU), project budget – 2.5 mln EUR for the period: 23.03.2014 - 22.09.2016.

On the Ukrainian-Moldovan State border

The demarcation of the Ukrainian-Moldovan State border is being completed.

The Joint Demarcation Commission agreed almost all problematic segments of the border, particularly on central (Transnistrian) segment. Positions of the Parties on the demarcation of the border in the areas of Dniester HPS and locality of Giurgiuleşti were agreed. However, the implementation of these positions is possible with the recognition of property rights of Ukraine on the part of hydroelectric installation of Dniester HPS and signing of the Agreement on its operation.
Preparation of the final demarcation documents (demarcation map, protocol-description of the State borderline, reports of border marks, etc.) continues. The draft of Treaty on the Ukrainian-Moldovan state border regime, cooperation and mutual assistance on border related issues was agreed upon.

1222 km (100%), incl. 452 km on central (Transnistrian) segment, of boundary lines of the Ukrainian-Moldovan state border were demarcated. 4198 border marks were set up by the Ukrainian Party.

To implement the tasks of this area, the Ukrainian Party has attracted expert and financial assistance in the framework of the project «Enhancing chemical, biological, nuclear and radiological detection capacity» (EU), project budget – 4.1 mln EUR for the period: 01.10.2014 – 01.10.2015.

Cooperation on migration and asylum

➢ In order to improve legislation in the sphere of international protection on the basis of recommendations of the fifth EC report on Ukraine's progress in implementing the Action Plan for liberalization of EU visa regime for Ukraine:
  o Amendments to the Law of Ukraine «On refugees and persons in need of additional or temporary protection»\(^{127}\), aimed at ensuring the rights of persons recognized as refugees in Ukraine (documentation with the correct constituent data), were adopted;
  o Amendments to the Code of Administrative Procedure of Ukraine concerning immediate consideration by the courts of claims of forced expulsion or for detention in order to identify and provide forced expulsion of foreigners and stateless persons or ensure the transfer of foreigners and stateless persons in accordance with international agreements on readmission\(^{128}\), aimed at shortening the administrative proceedings on the forced expulsion of five days for immediate consideration, were adopted;
  o Amendments to legislation of Ukraine, aimed at improving the proceedings of the detention of foreign nationals and stateless persons to be forcibly expelled, (reg. № 3159)\(^{129}\), including the immediate proceedings and enforcement of compulsory detention decisions for deportation of foreigners or stateless persons, were drafted.

➢ The Regulation on the center of social integration for refugees and persons in need of additional or temporary protection, of the State Migration Service (SMS) of Ukraine was approved\(^{130}\).

➢ The State Migration Service (SMS) of Ukraine prepared the draft Regulation on the centres of social integration of refugees and persons in need of subsidiary or temporary protection.

Functioning of such centers will contribute to the development of the national asylum system in line with international standards, in particular the comprehensive approach to the integration of refugees and persons in need of additional or temporary protection in Ukraine.

\(^{127}\) The Law was adopted on February 4, 2016.

\(^{128}\) The Law was adopted on February 4, 2016.

\(^{129}\) The Draft of the Law was approved in the first reading on November 5, 2015.

\(^{130}\) Order of the Ministry of Interior of Ukraine No. 1586 dated December 17, 2015.
On December 16, 2015, a Temporary Accommodation Center for foreign nationals and stateless persons who illegally stay in Ukraine has been opened in Mykolaiv region near the village Martynivske.

The Center was built with the support of the EU Project «Consultancy to Set Up Custody Centers and Temporary Holding Facilities for Irregular Migrants in Ukraine - READMIT 1». However, in the process of implementation of the technical assistance project medical and other equipment was not purchased for the Center. The purchase of the equipment was planned during two EU tender procedures; however, the contract for its purchase was not concluded.

SMS established the State Agency «The Mykolaiv Temporary Accommodation Center» 131, appointed the head of the Agency. The Center was registered as a legal entity.

Construction of the Temporary Accommodation Center for foreigners and stateless persons, who illegally reside in Ukraine, in the city of Zhdanivka, Donetsk region, was stopped.

Activities for putting into operation of the Temporary Accommodation Centers for refugees in the city of Yahotyn, Kyiv region, are being completed.

The Center was registered as a legal entity with its own balance, registration accounts in the Treasury. Regulations on the Center, its structure and staff list was approved by orders of SMS.

**Cooperation on readmission**

During 2015, SMS of Ukraine received 452 requests for readmission. On 452 requests readmission of 339 citizens of Ukraine and 3 foreigners who had residence permission in Ukraine was agreed. 110 requests concerning 110 persons were denied. 81 citizens of Ukraine and one foreigner were returned in readmission order.

In the sphere of readmission constant interaction of SMS of Ukraine with the EU and other international partners takes place under the project «Pilot Initiative to Monitor Readmission in Ukraine and Pakistan (MONITOR)» funded by the EU and implemented jointly by the International Organization for Migration and the Office of United Nations High Commissioner for Refugees.

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**Cooperation in law enforcement, combating organized crime and money laundering**

**Law enforcement and combating organized crime**

During 2015 Ukrainian experts participated in practical international operations, aimed on combating organized crime, in particular:

- The final stage of international investigation «Mozart» (documenting of illegal activities of transnational criminal groups involved in kidnapping of funds from bank accounts and their further legalization);

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131 Decree of the Cabinet of Ministers of Ukraine of 26 October 2015 No.1099-r approved the proposal of SMS to establish the State Agency «The Mykolaiv Temporary Accommodation Center for foreigners and stateless persons who illegally reside in Ukraine»
- Operation «Black Poseidon» (protection of intellectual property and combating illegal circulation of excisable goods);
- Operation «Pangea VIII» (adulteration of drugs and trafficking in adulterate drugs).

- Within the framework of cooperation with border services of the Member States, including those which have a common border with Ukraine, was:
  - Conducted a joint analysis of threats to the border security (with the Slovak Republic, the Republic of Moldova, Belarus, Poland, Hungary);
  - Renewed the cooperation (after nearly three year of absence) with the Federal Police of Germany;
  - With the support of IOM (International Organization for Migration) initiated the launching of a new format of cooperation – carrying out of trilateral joint analysis of threats on the borders of Ukraine, Belarus and Poland.

- **Concept of the State Social Programme on Combating Trafficking in Human Beings until 2020 was approved**[^132].

Work on the draft State Programme is underway.

The Concept stipulates that the aim of the program should be to prevent human trafficking, increase the efficiency of detection of persons who committed such crimes or contributed to their occurrence, to protect the rights of victims of trafficking, especially children, and to help them.

- The **Agreement on Cooperation between the Prosecutor General’s Office of Ukraine and the Federal Prosecutor of Belgium in the fight against cybercrime, organized crime, corruption and terrorism** was signed[^133].

The parties will take measures with an aim to facilitate the efficient and timely execution of requests for legal assistance in criminal cases, exchange of information and documents related with cybercrimes, organized crime, corruption and terrorism and involved persons.

**Cooperation on fighting illicit trafficking of drugs, psychotropic substances and precursors**

- **Public Institution "Ukrainian monitoring and health center with drugs and alcohol**
  - **Ministry of Health of Ukraine" resumed operation** in February 2015.

The Center acts as a contact center under the Memorandum of Understanding between the Ministry of Health of Ukraine and the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA).

The Charter and the new structure of the institution were approved.

The Centre had prepared the annual report on the situation regarding narcotics in Ukraine (based on the data of the year 2013), which was then passed to EMCDDA.

- The action plan for the year 2015 implementing the Strategy of drug policy until the year 2020 was adopted in order to **improve the system of interaction between state bodies, enterprises, institutions and organizations in the fight against drug abuse, illicit trafficking of drugs and precursors, as well as to implement preventive measures.**

**Combating money laundering**

[^132]: Decree of the Cabinet of Ministers of Ukraine from 7 October 2015 № 1053-p
[^133]: On 15 October 2015
The Cabinet of Ministers of Ukraine and the National Bank of Ukraine endorsed the Action plan for 2015 on preventing and counteracting legalization (money laundering) of incomes obtained in a criminal manner, financing terrorism and proliferation of weapons of mass destruction.\textsuperscript{134}

Special Committee of Council of Europe on The Evaluation of Anti-money Laundering and Terrorism Financing (MONEYVAL) approved the Report of Ukraine in the sphere of anti-money laundering and terrorism financing.

During the Plenary Meeting MONEYVAL (14-18 September 2015), Ukrainian delegation presented the third progress report concerning counteraction to money laundering and terrorist financing in Ukraine. MONEYVAL Committee praised the measures in this area and approved The Report of results.

The Strategy for the development of the system of prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and the financing of proliferation of weapons of mass destruction for the period until 2020 was approved. The strategy provides for implementation of the legislative, organizational and institutional measures aimed at:

- prevention of conditions for the laundering of proceeds of crime, financing of terrorism and proliferation of weapons of mass destruction;
- minimizing the risks of usage of the financial system of Ukraine for the aforementioned criminal purposes;
- improvement of the mechanism for regulation and supervision of primary financial monitoring entities.

To implement the tasks of this chapter, the Ukrainian side has attracted expert and financial assistance in the framework of the projects:


\textsuperscript{134} Resolution from 11 March 2015 № 99
Situation in Eastern Ukraine and Crimea

**On the Ukrainian-Russian State border**

- Checkpoints across the state border and a control point were temporarily closed in Luhansk and Donetsk oblasts\(^\text{135}\).

Starting from March 1, 2015, certain provisions of the Agreement between the Government of Ukraine and the Government of the Russian Federation on visa-free trips of citizens of Ukraine and the Russian Federation were suspended.

- The citizens of the Russian Federation may enter, go by transit, stay and travel through the territory of Ukraine only with international passports\(^\text{136}\).

- Temporary restrictions for crossing the State border of Ukraine by the residents of border regions were introduced\(^\text{137}\).

From March 16, 2015, the residents of the border regions of the Russian Federation may enter Ukraine exclusively through international and inter-state checkpoints and stay on its territory for a period up to 90 days within 180 days based on the documents valid for going abroad.

- The Decision to mark the Ukrainian-Russian state border on the ground on a unilateral basis was taken\(^\text{138}\).

As of 1 January 2016 at the Ukrainian-Russian state border within the Chernihiv region 224 km borderline was set up and 599 border sign installation spots were identified, and within Kharkiv region - 73.5 km borderline and 195 border sign installation spots.

**An Action Plan for engineering and technical work on the Ukrainian-Russian state border, as well as areas that are adjacent to the zone of the anti-terrorist operation implementation and the Russian-occupied Ukrainian territory of Crimea has been implementing\(^\text{139}\).**

The Plan is designed for 2015-2018 years and provides for the creation of complex engineering and fortification constructions, and introduction of modern technical solutions. Their integration into a single system will enable automated technically intellectual form of protection of the state border.

- In order to counter terrorism and strengthen controls over the movement of persons, vehicles and goods (goods) in the uncontrolled territories, June 12, 2015 the Security Service of Ukraine introduced a Temporary procedure for monitoring of the movement of persons, vehicles and goods along the contact line within Donetsk and Lugansk regions.

- Action plan of priority measures for the arrangement of the State Border of Ukraine along the coast and protection of the territorial sea of Ukraine was approved\(^\text{140}\).
Ensuring rights and freedoms of internally displaced persons

- The issue of enhancing social protection of the internally displaced persons, who are unemployed, averting restriction of their rights, and expanding the opportunities for the unemployed to be engaged in public works was addressed.\(^\text{141}\)

- In order to implement legislation to ensure the rights and freedoms of internally displaced persons, including strengthening social protection of such persons:

  - **Simplified procedure of acquiring the status of registered unemployed persons among forced displaced persons**, including members of private farms, their registration and re-registration and acquiring social services at employment centres;\(^\text{142}\)

  - **The main directions of solving the employment problems of internally displaced persons in the years 2015-2016** were approved.\(^\text{143}\) The document is a comprehensive action plan for employment and vocational training (training, retraining or advanced training) internally displaced;

  - It has been provided for:\(^\text{144}\):
    - **the employment of the registered unemployed persons among internally displaced persons an employer receives compensation** for the cost of labour for up to 12 months and for retraining and advanced training of such;
    - **compensation for expenses of registered unemployed** among internally displaced persons to undergo preliminary medical and drug-abuse examination if it is necessary for employment and for the unemployed person to move to another administrative-territorial unit for employment.

A comprehensive state program to support social adaptation and reintegration of citizens of Ukraine who moved from the temporarily occupied territory of Ukraine and areas of counter-terrorist operations to other regions of Ukraine for the period until 2017 was approved.\(^\text{145}\)

To implement the tasks of this chapter, the Ukrainian side has attracted expert and financial assistance of the following projects:

- «Assistance to the population affected by the conflict in Ukraine» (USA), project budget – 2.5 mln USD for the period: 15.03.2015 – 15.10.2015;

- «Support for Ukraine’s emergency management» (Germany), project budget – 13 mln EUR for the period: 01.03.2015 – 28.02.2018;


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\(^\text{141}\) The Law of Ukraine №245-VIII
\(^\text{142}\) Resolution of the Cabinet of Ministers of Ukraine of July 8, 2015 № 473
\(^\text{143}\) Resolution of Cabinet of Ministers of Ukraine of July 8, 2015 № 505
\(^\text{144}\) Resolution of Cabinet of Ministers of Ukraine of September 8, 2015 № 696.
\(^\text{145}\) Resolution of Cabinet of Ministers of Ukraine of December 16, 2015 № 1094
V. TRADE AND TRADE-RELATED MATTERS

From January 1, 2016 the provisional application of Title IV of the Agreement «Trade and Trade-related Matters» started\textsuperscript{146}.

In 2014-2015, the Government worked on preparation of establishing conditions necessary for the functioning of a Deep and Comprehensive Free Trade Area (DCFTA) between Ukraine and the EU, and took measures aimed at performing obligations under the relevant chapter of the Agreement for the purpose of the most optimal implementation of the DCFTA provisions.

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- **Ukrainian customs offices are ready to issue certificates in a format EUR.1** for goods of the Ukrainian origin to be exported to the European Union countries in the framework of the Agreement.

Once DCFTA is applied, the Ukrainian customs offices will issue certificates for the transportation of goods EUR.1, confirming the Ukrainian origin of goods, which grant them the status of products of preferential origin, and thus allowing after exporting the goods on the territory of the EU to use the trade preferential terms in accordance with the provisions of the Agreement.

The Procedure of issuing certificates EUR.1\textsuperscript{147} is similar to that used in European countries and provides for maximum simplification of issuing certificates at no cost in the shortest terms, and, at the same time, for increasing the responsibility of an exporter for the accuracy of submitted information, which is necessary for determining the Ukrainian origin of goods.

The certificate is filled in and issued by the customs authorities of Ukraine for each shipment of goods in cases, when it is required to provide evidence that the goods meet the rules of determining their preferential origin, established in the Agreement, to apply the preferential import duty rates. A customs officer issues certificates during the export procedure or after it in cases, stipulated by the Agreement.

- **The Regulation on granting and revocation the status of an authorized (approved) exporter**\textsuperscript{148} provides for a mechanism, according to which Ukrainian exporters, who often transport goods prepare invoice declarations themselves irrespective of the invoiced value of goods, which speed up export procedures.

Invoice declarations confirming the Ukrainian origin of goods grant them the status of products of preferential origin, thus allowing after exporting the goods on the territory of the EU to use the trade preferential terms in accordance with the provisions of the Agreement.

An authorized exporter is an exporting company – a legal entity, registered in Ukraine (except a customs broker), that regularly transports goods under the terms of contracts and has the right to prepare declarations irrespective of the invoiced value of goods. The regulation also determines criteria for granting the status of an authorized (approved) exporter.

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\textsuperscript{146} For details, see the article "Provisional application of the Association Agreement between Ukraine and the EU".

\textsuperscript{147} The Procedure was approved by the order of the Ministry of Finance № 1142 dated November 18, 2014.

\textsuperscript{148} The Regulation was approved by the order of the Ministry of Finance № 1013 dated October 7, 2014.
The status of an authorized (approved) exporter is granted by customs offices within 30 calendar days from the date of receiving the application and documents, specified in the Regulation.

The exporter is assigned a personal number for a simplified customs control procedure regarding Ukrainian goods of preferential origin.

- **New duty rates for goods imported from the EU member states came into force.**

Starting with January 1, 2016 **Ukraine has reduced import tariffs on European goods.** Furthermore, along with the regime of free trade area with the EU for Ukraine, the Generalized System of Preferences (GSP) will be applied for two years. "Zero" tariffs has been imposed on 70 percent of all import of goods. For the rest of goods provisional terms or restrictive regime applies.

With the purpose of regulating the issue of using specific safeguard measures on access to Ukrainian market for particularly sensitive products and goods, which will be applied under the Agreement, a number of relevant mechanisms have been developed:

- For the application and administration of tariff quotas for imports to Ukraine of certain types of agricultural products, originating from the EU Member States, the Procedure for control over the use of tariff quotas[^149] was approved *(will be enacted from the date of provisional application of Title IV of the Agreement).*

  In accordance with Annex I-A of the Agreement, Ukraine introduces tariff quotas for imports into Ukraine sugar, pork and poultry meat from the EU Member States. The approved Procedure provides for distribution of the quotas by using a computer programme-informational toolset, which is part of a Single centralized computer information system of the State Fiscal Service agencies, based on submission of the customs declaration by importers. Information on the total volume and remaining unused tariff quotas will be updated daily on the official web-portal in the Internet.

  Currently, the work is going on developing the proper software and creating a separate webpage on the official web-portal of Ukrainian customs authorities, where the information on unused volume of tariff quotas will be posted.

  Thus, this issue focuses on proper organization by State Fiscal Service of Ukraine of the process of issuing these certificates to ensure uninterrupted exports after the start of provisional application of the DCFTA.

- To implement provisions of the Agreement in the part of safeguard measures on imports to Ukraine of worn clothing and other second hand items, originating from the EU Member States (classified according to the Ukrainian customs code 6309 00 00), the State Fiscal Service has developed a relevant mechanism (terms of reference) for application of specific safeguard measures on the basis of a defined entry price. This mechanism will be integrated into centralized computer information system of the State Fiscal Service and will become operational from the date of provisional application of Title IV of the Agreement.

  This will allow introducing in Ukraine the mechanism for gradual annual reduction of import duty rates on worn clothing during 5 years from the date of entry into force of the Agreement, applying a system of entry prices.

[^149]: The Procedure was approved by the order of the Ministry of Finance No. 1203 of 11 December 2014.
The base for calculating the entry prices will be average prices for new clothing over the previous two years, according to the list defined in Annex 1-B of the Agreement. The entry price will be defined as 30% of the average customs value of respective clothing for the previous year. If the value of imported worn clothing is lower than the entry price, the basic import duty rate, valid on the date of entry into force of the Agreement, will be applied. This mechanism will also be implemented electronically without human intervention, and information on entry prices for worn clothing will be published on the official web site of the State Fiscal Service.

- The State Fiscal Service has developed a mechanism (terms of reference) for applying by customs offices specific safeguard measures, stipulated by the Agreement, with respect to certain types of goods subject to export duties.

- This mechanism has been integrated into centralized computer information systems of the State Fiscal Service and set to work from the date of provisional application of Title IV of the Agreement. This will allow Ukraine to apply, during 15 years from the date of entry into force of the Agreement, special measures in the form of an additional fee to export duties (if the total volume of exports from Ukraine to the EU on each specific Ukrainian customs code exceeds the volume limit) with a gradual reduction of the additional fee to «0» rate on: raw leather materials, sunflower seeds, scrap alloyed ferrous metals, scrap non-ferrous metals and their semi-finished products, stainless steel, and copper on conditions according to the Schedule specified in Annex I-D to the Agreement. In addition, this mechanism (ToR) provides for gradual cancellation of export duties rates for certain goods, which will also be integrated into centralized computer information system of the State Fiscal Service and has been working from the date of provisional application of Title IV of the Agreement. The export duties rates will be gradually cancelled on live cattle and leather raw materials, some kinds of oilseeds, scrap alloyed ferrous metals, scrap non-ferrous metals and their semi-finished products, waste and scrap ferrous metals during 10 years according to the Schedule determined in Annex I-C of the Agreement.

- The specific safeguard measures on import into Ukraine of passenger cars, regardless of their country of origin and export in Ukraine were cancelled. Those measures were introduced in 2013 for a period of three years.

The relevant decision, approved on September 10, 2015 by the Inter-agency Commission on international trade, came into force on September 30, 2015.

➢ Soon the Cabinet of Ministers of Ukraine will consider the draft Law of Ukraine «On Recognition as Invalid the Law of Ukraine «On Measures to Stabilize the Balance of Payments of Ukraine in Accordance with Article XII of the General Agreement on Tariffs and Trade 1994».

Adoption of the draft Law, which provides for abolition from January 1, 2016, temporarily introduced surplus import duty, is the criterion for implementation of the recommendations of the IMF and the EU.

➢ The Law of Ukraine "On Measures to Stimulate Foreign Economic Activity" has been adopted150.

The law provides the abolition of temporary additional import fees starting with January 1, 2016.

150 The Law of Ukraine № 912-VIII.
Consultations on the preparation of a Memorandum of Understanding concerning the exchange of information for the purposes of making Export Helpdesk operational in Ukraine continue.

The launch of this EU online information portal should become an effective tool to help Ukrainian exporters to benefit from the free trade zone Ukraine-EU.

Technical barriers to trade

The main objectives of reforming technical regulation system in Ukraine is to bring the national legislation into conformity with the EU law and its provisions, conduct necessary administrative and institutional reforms in accordance with the applicable, and those that are planned to be signed, Agreements with the EU and its institutions, and introduce efficient and transparent administrative system in the field of technical regulation.

In order to bring national legislation in the field of technical regulations into conformity with the EU legal requirement, the following measures were taken.

Technical regulation

- The Law of Ukraine «On Technical Regulations and Conformity Assessment» was adopted, which establishes:
  - Common legal and organizational principles for the development, adoption and application of technical regulations and conformity assessment procedures;
  - Performance of conformity assessment in line with European requirements and provisions of the WTO Agreement on technical barriers to trade;
  - Cancellation of the centralized registration of certificates of conformity in the State certification system.

The law opens for national producers the possibility to conduct tests in Ukraine and get certificates that will be recognized by the EU. This will allow reducing the costs for business to obtain the relevant documentation, and to go through procedures of certification and conformity assessment. The Law enters into force on February 10, 2016.

- To implement the tasks of this subchapter, the Ukrainian side has attracted expert and financial assistance in the framework of the Project «Complementary measures to the Sector policy support programme «Promoting mutual trade by removing technical barriers to trade between Ukraine and the European Union» (EU), project budget – over 6.6 mln EUR for the period: 18.05.2011–17.10.2015.

- In order to create conditions for transition from mandatory certification to conformity assessment in line with the technical regulations' requirements, some products were removed, including products with a low degree of risk and certain services, from the List of products subject to mandatory certification in Ukraine.

So far, mandatory certification has been abolished for 19 products. The list of products subject to mandatory certification in Ukraine was reduced by more than 70% (compared to 2009).

Moreover, the Law of Ukraine «On Technical Regulations and Conformity Assessment» establishes the legal basis for adaptation of the vertical (sector) legislation, stipulated by Section 2 of Annex III to the Agreement.

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In line with the commitments under the Agreement, Ukraine has to gradually integrate into national legislation the EU acts in 27 sectors of industrial products, specified in Annex III to the Agreement, through adoption of the corresponding technical regulations.

According to those commitments, Ukraine adopted 24 (out of 27 European sectoral legal acts) technical regulations, 21 of which have already become binding to apply. Three regulations that are more technical remain to be developed in the relevant sectors (regarding explosives for civil purposes, packaging and packaging waste, and high-speed railways).

In order to maximize the approximation to the relevant European directives, Ukrainian technical regulations are being revised. Currently, 8 technical regulations are at most aligned with EU legislative acts.

Overall, Ukraine adopted 45 technical regulations, 43 of them were developed based on the EU legislation acts, including the EU New and Global Approach Directives; 34 technical regulations have already become binding to apply.

As of 1 November 2015, the list of products subject to mandatory certification in Ukraine was reduced by more than 70% (compared to 2009).

23 institutions for conformity assessment of products to requirements of technical regulations were designated.

- During 2015, 25 authorities of the conformity assessment of products with technical regulations were appointed.

According to Article 28 of the Law of Ukraine "On Technical Regulations and Conformity Assessment Procedures" conformity assessment authorities must be accredited by the National Accreditation Agency of Ukraine, that is a prerequisite for their appointment.

- The Strategy for development of the technical regulation system until 2020 and the Action plan for the Strategy implementation were endorsed. Among the principal directions of Strategy implementation are the following:
  
  o Adaptation of Ukraine’s legislation in the area of technical regulation to that of the EU;

  o Adoption, with the purpose of applying the relevant technical regulations, of European standards as national standards of Ukraine with simultaneous withdrawal of GOST standards;

  o Elimination of the duplication of functions in the area of state surveillance (control) of the compliance of products with established requirements;

  o Ensuring full compliance of the technical regulation system of Ukraine with the EU requirements;

  o Ensuring the recognition of certificates issued by the National Accreditation Agency at the European and international levels;

  o Ensuring the integration of information exchange systems in the area of state market surveillance with the relevant systems of the EU;

  o Strengthening the institutional capacity of public authorities that are charged with technical regulation functions in the defined areas and development of technical regulations;

152 The Resolution of the Cabinet of Ministers № 844 dated August 19, 2015
Taking measures for preparation of the signing of the Agreement on Conformity Assessment with the EU for certain types products with the purpose of recognition of the results of conformity assessment carried out in Ukraine at the European and international levels and promotion of Ukrainian products on the European and international markets.

The Strategy implementation will allow ensuring the following:

- Securing the domestic market from dangerous and non-quality products;
- Enhancement of the competitiveness of Ukrainian products and facilitation of innovative development;
- High level of product safety and the strengthening of consumer protection as a result of efficient state market surveillance;
- Access to the EU market for Ukrainian manufacturers on the same conditions as for the manufacturers of the EU Member States;
- Creation of a favourable regulatory and business environment without excessive and duplicative requirements to products.

- The areas of activities of central authorities that are empowered with technical regulation functions were defined.

Eleven ministries and five agencies are responsible for developing technical regulations in certain areas.

- To determine the characteristics of industrial products or related processes to produce that meet EU standards, it was approved:
  - Technical Regulation on electromagnetic compatibility;\(^{153}\);
  - Technical Regulation on non-automatic weighing instruments;\(^{154}\);
  - Technical Regulations on the energy labelling of household dishwashers;\(^{155}\);
  - Technical regulation for certain goods packed by weight and volume to the ready-made packing;\(^{156}\);
  - Technical Regulations for low voltage electrical equipment;\(^{157}\);
  - Technical Regulation on bottles used as measuring containers;\(^{158}\);
  - Technical Regulation on the energy labelling of electrical lamps and luminaires;\(^{159}\);
  - Amendments to paragraph 2 of the Technical Regulations regarding requirements to motor gasoline, diesel, marine and boiler fuel;\(^{160}\);
  - Amendments to paragraph 16 of the Technical Regulations on radio equipment and telecommunications terminal equipment;\(^{161}\);

\(^{153}\) The Resolution of the Cabinet of Ministers № 1077 dated December 16, 2015.
\(^{154}\) The Resolution of the Cabinet of Ministers № 1062 dated December 16, 2015.
\(^{155}\) The Resolution of the Cabinet of Ministers № 514 dated July 17, 2015.
\(^{156}\) The Resolution of the Cabinet of Ministers № 1193 dated December 16, 2015.
\(^{157}\) The Resolution of the Cabinet of Ministers № 1067 dated December 16, 2015.
\(^{158}\) The Resolution of the Cabinet of Ministers № 514 dated August 19, 2015.
\(^{159}\) The Resolution of the Cabinet of Ministers № 340 dated May 27, 2015.
\(^{160}\) The Resolution of the Cabinet of Ministers № 391 dated June 4, 2015.
\(^{161}\) The Resolution of the Cabinet of Ministers № 181 dated April 8, 2015.
Amendments to the Technical Regulation on requirements for motor gasoline, diesel, marine and boiler fuels\textsuperscript{162}. Moreover, it was developed and soon will be approved by the Government the Technical Regulation on energy labels for televisions and Technical Regulation on energy labelling of household tumble driers.

- To implement the tasks of this subchapter, the Ukrainian side has attracted expert and financial assistance in the framework:

**Standardization**

- Starting from January 3, 2015, the new edition of the Law of Ukraine «On Standardization» was enacted.
  The Law provides for bringing the national system of standardization in conformity with the European model.
  - To implement the tasks of this subchapter, the Ukrainian side:
    - Attracts expert and financial assistance in the framework of the Project «Complementary measures to the Sector policy support programme «Promoting mutual trade by removing technical barriers to trade between Ukraine and the European Union» (EU), budget – over 6.6 mln EUR for the period: 18.05.2011–17.10.2015;
    - Takes into account the conclusions, given by experts of the Twinning project «Strengthening of standardization, market surveillance, metrology and legal metrology, conformity assessment and consumer policy in Ukraine».
  - In line with European practice, the functions of the national authority on standardization will be performed by an institution, which is not a government authority – the State Enterprise «Ukrainian Scientific Research and Training Centre for Standardization, Certification and Quality». This will promote its independence in making decisions regarding adoption and repeal of national standards taking into account that, according to the WTO Agreement on technical barriers to trade, the standards are defined as voluntary.

Competitive selection for the position of director of the National authority on standardization continues. The main requirements for a candidate include higher technical education, at least five years’ experience in the field of standardization, at least three years of the overall working experience in managerial positions, strong leadership skills, and strategic vision.

The Management Board was established as an advisory and supervisory body of the National authority on standardization in order to ensure participation in its management of all stakeholders – government authorities, scientific institutions, non-government organizations,

\textsuperscript{162} The Resolution of the Cabinet of Ministers № 65 dated January 23, 2015.
business entities, consumer associations, other public associations and trade unions\textsuperscript{163}. The composition of the Management Board was endorsed\textsuperscript{164}.

The Appeals Commission, a permanent consultative-advisory body of the Ministry of Economic Development and Trade, was also established; its Statute and Procedure of appeals review were endorsed\textsuperscript{165}. The Commission reviews appeals, submitted by any natural or legal person that has a direct or indirect interest in standardization activity and/or in the application of its results, or by a technical standardization committee concerning decisions, actions or non-actions of the national authority on standardization.

The composition of the Commission was approved\textsuperscript{166}.

- **The competencies of the national authority on standardisation** will include:
  - Organisation and coordination of activity in the sphere of standardization, approval of the work program on standardization;
  - Adoption and repeal of national standards (including in the field of construction);
  - Setting up and termination of technical standardization committees;
  - Representation of the interests of Ukraine in international and regional organizations on standardization, and cooperation with national standardization bodies of other countries.

- **Two levels of standardization were introduced** depending on the subject of standardization: (1) national standards, adopted by a national standardisation authority, and (2) standards and technical conditions, adopted by enterprises, institutions and organizations.

- **Sectoral standardization is annulled**, and in this regard, central government executive authorities shall have the right within their competencies during fifteen years to examine and revise standards in the respective sectors in order to reposition them at the national level or at the level of enterprises, or repeal.

The new Law of Ukraine «On Standardization» also provides for:

- Putting an end to approval of draft national standards by government authorities;
- Abolishing state registration of technical conditions and setting up any rules relating to development of standards and technical conditions by enterprises;
- Abolishing mandatory application of national standards.

In 2015, the State Enterprise «Ukrainian Research and Training Centre for Standardization, Certification and Quality» (UkrNDNC) adopted 1817 national standards, and 878 of them were harmonized with international and European standards.

As of November 1, 2015, the Depository of national standards contains 29834 documents, including 9617 national standards harmonized with international and European standards.

- On a regular basis, the harmonization of national standards with International and European takes place, especially those where voluntary application serves as evidence of compliance products to the requirements of technical regulations similar to the relevant directives of the New and Global Approach.

\textsuperscript{163} Order of the Ministry of Economic Development and Trade of Ukraine № 76 dated February 2, 2015.
\textsuperscript{165} Order of the Ministry of Economic Development and Trade of Ukraine № 103 of February 9, 2015.
\textsuperscript{166} Order of the Ministry of Economic Development and Trade of Ukraine № 324 of April 4, 2015.
In 2015 it was adopted 3745 national regulations (standards and amendments to standards), of which 2794 are harmonized with International and European.

As of January 1, 2016, the fund of national standards consists of 17,889 documents, including 10,964 national standards harmonized with international and European.

So far the interstate standards (GOST), developed prior to 1992 were abolished, including over 2015-14122 GOST by orders of the Ministry of Economic Development and Trade of Ukraine. Most of them will be valid for 2 years, to the beginning of 2018, to help businesses get used to new terms.

The Electronic database of national standards includes of 13316 regulations, of which 2516 regulations were included in 2015.

- Ukrainian Scientific-Research and Training Center of Standardization, Certification and Quality Problems received the confirmation of its membership in the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC).

ISO and IEC membership provides an opportunity to coordinate national technical policy in the area of technical standardization policy pursued by trade partners of Ukraine, to develop and improve the national standardization system in accordance with existing international practice, to actualize the fund of regulations.

**Market surveillance**

- The changes in legislation Ukraine to implement the state market surveillance and control of non-food products remain under development. The objectives of changes are:
  
  o Avoiding duplication of functions (control) for certain types of products (expanding the list of products for which market surveillance is not carried out);
  
  o Simplification of the inspection arrangements for characteristics of non-food products (designation of one kind instead of existing three audit);
  
  o Introduction of the principle of transparency and impartiality for the officials during the application of penalties for violation of legislation in the area of market surveillance (it is offered to set only minimum fine and cancel the definition of fine under the principle of "from - to");
  
  o Establishing the liability of business entities for obstructing officials exercising the state market surveillance, as well as for failure of their legal requirements related to the inspection for characteristics of product.

A list of products for which state authorities exercising the state market surveillance has been developing.

It is supposed to determine the types of non-food products covered by the currently approved technical regulations and the Law of Ukraine "On General Safety of Non-Food Products" and allocate it amid the market surveillance authorities.

The forms of documents in the sphere of state market surveillance have been developing.
In order to implement the Law of Ukraine «On Metrology and Metrological Activity»

- Four scientific metrological centres that create, improve, maintain and apply the national measurement standards were designated;
- The list of categories of legally regulated measuring instruments liable to periodic verification was established;
- The Regulation and criteria for granting the status of national measurement standards was endorsed. The procedure of granting of the status of national measurement standards to primary and secondary measurement standards (including state measurement standards and measurement standards owned by enterprises and organizations) was also endorsed.
- The payment procedures for works and services on carrying out the compliance of legally controlled measuring instruments to requirements of technical regulations, verification of these measures, which are in operation, and determining the value of such works and services was approved;
- The criteria for assessing the risk level of economic activities in the area of metrology and metrological activity and determining the frequency of scheduled metrological supervision were approved;
- The procedure for establishing inter verification intervals legally controlled measuring instruments by category was approved;
- The Statute of the Service concerning the standard reference data on physical constants and properties of substances and materials was approved;
- The procedure for the monitoring of compliance with rules and conditions of storage and application of national standards was approved.

The abovementioned Government regulatory acts will enter into force on January 1, 2016 together with the Law of Ukraine «On Metrology and Metrological Activity».

To Register of national, primary and secondary standards of measurement units 69 state and 70 secondary standards of measurement units were included, as well as to the International Bureau of Weights and Measures database 234 SMS lines were included.

- The Technical Regulation on non-automatic weighing instruments was approved.

instruments.
As well as Technical Regulation concerning certain products that are wrapping by weight and volume into packing.

**Accreditation**

- **Mandatory certification has been cancelled for 16 categories of goods** (fuel, pipes, pipefittings, small-sized tractors, and light industry products).
- **The National Accreditation Agency of Ukraine (NAAU) has been recognised at the international and European levels.**

At present, the National Accreditation Agency of Ukraine is a signatory of a number of agreements with the International Association for Laboratory Accreditation (ILAC) on the following international standards:

- ISO/IEC 17025 – «General competence requirements to testing and calibration laboratories»;
- ISO/IEC 17020 – «Conformity assessment. Requirements for the operation of various types of bodies performing inspection»;
- ISO/IEC 17024 – «Accreditation of personnel certification bodies against the standard»;
- ISO/IEC 17021 – «Accreditation of bodies providing certification of management systems against the standard»;
- ISO/IEC 17065 - «Accreditation of bodies providing product certification».

Thus NAAU has been recognized by the European Cooperation for Accreditation in all areas of accreditation.

- **The Procedure on monitoring the compliance with requirements of National Accreditation Body was approved**.

  - To implement the objectives, provided for in this subsection, the Ukrainian side:
    - Involve an expert and financial assistance under the the Project «Complementary Measures to the Sector Policy Support Programme» «Promoting mutual trade by removing technical barriers to trade between Ukraine and the European Union» project budget – 6.6 mln Euros for the period: 18.05.2011 – 17.10.2015;
    - Takes into account the opinions given by European experts in the framework of Twinning project «Strengthening of Standardization, Market Surveillance, Measurement and Legal Metrology, Conformity Assessment and Consumer Policy in Ukraine».

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177 The Resolution of the Cabinet of Ministers of Ukraine № 1170 dated December 16, 2015.
Regulatory approximation

➢ In order to implement the Law of Ukraine (№ 1648-VII) «On Amendments to Certain Legislative Acts of Ukraine Relating to Identification and Registration of Animals» and the Law of Ukraine «On Amendments to Certain Legislative Acts of Ukraine Relating to Food Products» (№ 1602-VII), development of a number of legal and regulatory acts is being completed.

The form of Protocol on violation of legislation on food safety and certain indicators of the quality of products.

➢ The Law of Ukraine «On the By-products of Animal Origin Not Intended for Human Consumption» was adopted.

The Law determines:

- Basic principles, priorities and key objectives for making a well-balanced public policy in the field of handling by-products of animal origin;
- Basic requirements for reducing risks to public and animal health from by-products of animal origin at all stages of the chain – from generation and collection to use and disposal of such products.

As a result of adopting the Law, Ukrainian legislation has been harmonised with the EU law on handling, use, and disposal of animal by-products (ABP), in particular, with provisions of the Regulation of the European Parliament and of the Council EC № 1069/2009 laying down health rules as regards animal by-products and derived products not intended for human consumption, and Commission Regulation (EU) № 142/2011 implementing Regulation (EC) № 1069/2009 and the Council Directive 97/78/EC as regards certain samples and items exempt from veterinary checks at the border under that Directive.

➢ Amendments to the Law of Ukraine "On the by-products of animal origin not intended for human consumption developed" have been introduced (reg. Number 2150).


➢ Amendments to the legislation on seed and seedling were adopted in order to bring in line with European and international requirements, including:

- entitlement to carry out certification of seeds and planting material by non-business entities that are accredited;

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178 Specifically, 18 draft resolutions of the Government and orders of the Ministry of Agrarian Policy and Food were prepared. In order to remove legal uncertainties and take into account proposals submitted by the central government authorities concerned, a draft Law of Ukraine «On Amendments to Certain Legislative Acts of Ukraine on Food Safety» was developed.


180 The Law of Ukraine № 287-VIII.

181 8 December 2015 adopted in the first reading.
the requirement for certification of seed and seedling replaced by a simpler system of registration of producers of seeds and planting material in the public register of producers of seeds and planting material (Register of producers) for self-certification. It provides for the possibility of applying for inclusion in the Register of producers electronically, certified by the electronic signature of the applicant;

clarification of the procedure and conditions for issuing confirmation of samples of seeds and planting material for import to Ukraine and export, mechanism for determining responsibility for violations in the market of seed and seedling was improved;

terms of the formal examination of the application and issuing of rights to the variety was reduced, procedure for the appeal of decisions regarding the application was improved;

a certificate for seeds of the International Seed Testing Association (ISTA) and a certificate for seeds of the Organisation for Economic Cooperation and Development (OECD), which seed schemes were accepted by Ukraine, were recognized. This abolishes the need for repeated (additional) certification in Ukraine.

Amendments to legislation, aimed at deregulation in agriculture, were adopted.

The law abolished or limited up to 22 licensing procedures in the field of plant growing, agrochemicals (fertilizers), animal husbandry, food, fisheries and water use.

Currently, the following the draft Laws are under consideration of the Verkhovna Rada of Ukraine:

«On the State Control in Order to Check Compliance with the Legislation on Safety and Quality of Food and Feed, Animal Health and Welfare» (reg. № 0906);

«On Feed» (reg. № 2845-1).

The State Veterinary and Phytosanitary Service of Ukraine, with expert support of the EU technical assistance project «Improvement of Food Safety Control System in Ukraine», drafted a Comprehensive strategy for implementation of the legislation in the field of sanitary and phytosanitary measures.

The purpose of the Strategy is to work out the schedule of systematic legal approximation of Ukraine’s legislation in the field of sanitary and phytosanitary measures (SPS) to the EU legislation.

No later than within three months after entry into force of the Agreement (provisional application of Title IV – DCFTA), Ukraine has to submit the Strategy to the SPS Subcommittee.

**Strengthening administrative capacity**

 Establishment of a competent authority responsible for SPS issues is at the final stage:

On July 31, 2015 the State Service on Food Safety and Consumer Protection was officially registered;

Statute was approved and a maximum number of staff was determined;

First Deputy Head of the State Service has been appointed\(^ {182}\);

The structure and staff list of the State Service has been drafted;

The territorial bodies of the State Service have been established\(^ {183}\).

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\(^ {182}\) Order of the Cabinet of Ministers of Ukraine dated December 2, 2015 № 1254.
After endorsement of the structure, staffing, budget estimates of the State Service, and filling 30 percent vacancies, the Cabinet of Ministers of Ukraine will issue an act on implementing by the State Service its powers and performing the functions of government authorities that were terminated due to their reorganisation.

The activities of the State Service on Food Safety and Consumer Protection is directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Agriculture and Food of Ukraine.

**Regionalization/zoning and compartmentalization**

- The State Veterinary and Phytosanitary Service of Ukraine (SVPSU), depending on the development of epizootic or phytosanitary situation, use the zoning principle during the recognition of animal health status in accordance with the requirements of the Terrestrial Animal Health Code, developed by the World Organisation for Animal Health (OIE).

In particular, the application of zoning to importing products of animal origin is currently regulated by the Veterinarian imports requirements.

In order to harmonize national legislation with international requirements and standards, SVPSU with the support of the EU technical assistance project «Improvement of Food Safety Control System in Ukraine» continue preparation of amendments to the Veterinarian import requirements that are subject to veterinary-sanitary control.

- The work continues on developing the draft Veterinary and sanitary requirements to keeping pigs, which, in particular, provides for compartmentalisation of pig farms.

- The Agreement between the Ministry of Agrarian Policy and Food of Ukraine and the Ministry of Agriculture and Rural Development of the Republic of Poland on implementation of the programme to combat rabies on the territory of Ukraine in 2015 was signed.

Implementation of this Agreement will contribute to limiting the spread of rabies virus on the territory of Ukraine and protect territories of the Republic of Poland and Hungary (territory of the European Union) from its penetration, and will foster creating a buffer zone on rabies in Ukraine’s regions bordering with Poland.

Two campaigns was launched on per oral immunization of wild carnivorous animals in 2015 on the territory of Ukraine’s regions, bordering Poland, in the area of 24 600 sq. km.

**Customs and trade facilitation**

- Ukrainian customs offices have started to issue certificates in a format EUR.1 for goods of the Ukrainian origin to be exported to the European Union countries in the framework of the Agreement.
Organizational measures have been taken to ensure the issuance of EUR.1 certificates by the customs of the State Fiscal Service:

- Places of issuance of certificates have been designated - 162 units of customs that are as close to potential exporters / producers;
- 433 customs officials of the State Fiscal Service have been authorized to issue certificates of origin;
- 50 thousand Pcs of certificate forms for exports from Ukraine to the EU have been purchased;
- Program - information systems “Registration and certification forms of transportation EUR.1” and “Register of authorized (approved) exporter” have been designed and implemented.

Since the start of the DCFTA the Ukrainian customs offices have issued certificates for the transportation of goods EUR.1, confirming the Ukrainian origin of goods. The certificates grant Ukrainian goods the status of products of preferential origin, and thus allowing after exporting them onto the territory of the EU to use the trade preferential terms in accordance with the provisions of the Agreement.

The Procedure of issuing certificates EUR.1 is similar to that used in European countries and provides for maximum simplification of issuing certificates at no cost in the shortest terms, and, at the same time, for increasing the responsibility of an exporter for the accuracy of submitted information, which is necessary for determining the Ukrainian origin of goods.

The certificate is filled in and issued by the customs authorities of Ukraine for each shipment of goods in cases, when it is required to provide evidence that the goods meet the rules of determining their preferential origin, established in the Agreement, to apply the preferential import duty rates. A customs officer issues certificates during the export procedure or after it in cases, stipulated by the Agreement.

The Regulation on granting and revocation the status of an authorized (approved) exporter provides for a mechanism, according to which Ukrainian exporters, who often transport goods prepare invoice declarations themselves irrespective of the invoiced value of goods, which speed up export procedures.

Invoice declarations confirming the Ukrainian origin of goods grant them the status of products of preferential origin, thus allowing after exporting the goods on the territory of the EU to use the trade preferential terms in accordance with the provisions of the Agreement.

An authorized exporter is an exporting company – a legal entity, registered in Ukraine (except a customs broker), that regularly transports goods under the terms of contracts and has the right to prepare declarations irrespective of the invoiced value of goods. The regulation also determines criteria for granting the status of an authorized (approved) exporter.

The status of an authorized (approved) exporter is granted by customs offices within 30 calendar days from the date of receiving the application and documents, specified in the Regulation.

The exporter is assigned a personal number for a simplified customs control procedure regarding Ukrainian goods of preferential origin.

Reforms in the customs sphere are based on the new edition of the Customs Code of Ukraine,

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187 The Procedure was approved by the order of the Ministry of Finance № 1142 dated 18 November 2014.
188 The Regulation was approved by the order of the Ministry of Finance № 1013 dated 7 October 2014.
which is developed taking into account provisions of the International Convention on the
simplification and harmonization of customs procedures, Convention relating to temporary
admission, and the European Union Customs Code.

- The work continues on achieving European timeframe standards of processing customs
declarations. Thus, the average timeframe of customs declarations clearance for import is now 2
hours 25 minutes, for export – 52 minutes.

Positive dynamics achieved in transition from paper to electronic forms – percentage of
electronically issued customs declarations to the total number of declarations amounts to 87%.

- Amendments to the Customs Code of Ukraine are being developed, which would provide
for:
  o Unification of requirements to Authorized economic operator with the same
    requirements in the EU legislation;
  o Introduction of simplifications similar to European (customs clearance at the location,
    simplified declaration procedure, reducing the guarantee amount in application of
    financial guarantees, etc.);

The prepared amendments were presented at the meeting of the EU Network of Authorised
Economic Operator (AEO) on 30 September – 1 October 2015.

- A Supervisory Board and the Working Group on Ukraine's accession to the common
  transit procedure EU / EFTA have been established.

An Action plan on Ukraine's accession to the common transit procedure EU / EFTA has been
developed.

The EC expert on transit issues has been working in the State Fiscal Service to assist the Working
Group on Ukraine's accession to the common transit procedure

- The Verkhovna Rada of Ukraine ratified the Protocol of Amendment to the
  Marrakesh Agreement Establishing the World Trade Organization with the purpose of
  Ukraine's implementation of internal procedures necessary for the entry into force of the
  Agreement on trade facilitation.

The objectives of the Protocol's ratification and application of the Agreement is to reduce the
time and lower the costs of customs control, improve the transparency and efficiency of
operations of state agencies, improve the development of SMEs, etc.

The provisions of the Agreement on trade facilitation are aimed at simplification of customs
procedures, in particular, by reducing the associated financial costs and reducing time of
implementation of such procedures, the promotion of a wider application of "a single window"
system and procedures for accelerated dispatch of goods, increase the publicity of public
authorities and reduce corruption.

According to the OECD, implementation of the Agreement by Ukraine will reduce trade costs
associated with the implementation of foreign trade activities by more than 15 percent.

- Amendments to the Customs Code of Ukraine Relating to protection of intellectual property
  rights when moving goods across the customs border of Ukraine have been introduced
  (register number 3681).

The bill aims to implement in national law the provisions of the Regulation (EC) No 608/2013 of the
European Parliament and of the Council concerning customs enforcement of intellectual property

189 The Law of Ukraine № 745-VII
and the Implementation of the Commission Regulation (EC) № 1353/2013, laying down the appropriate forms of documents.

The bill provides:

- Expand the list of intellectual property rights;
- Expand the circle of persons who may seek protection of intellectual property rights and customs regimes to the list of goods containing objects of intellectual property;
- Not to apply measures to protect intellectual property rights to the so-called "parallel imports" and to goods transported through the customs border of Ukraine in customs transit regime;
- Preventing and combating counterfeit goods moving in international mail or international express shipments.

Pursuant to Article 353 and Annex XXVIII\(^1\) to Chapter 4 «Taxation» of the Association Agreement the amendments to the Tax Code of Ukraine regarding peculiarities of taxation the value added operations to import into Ukraine of goods by individuals carry-on baggage and / or accompanied baggage have been introduced (reg. № 3470).

There provides for changes to Articles 191 and 196 of the Tax Code on establishing thresholds regarding the goods importation without VAT cabin baggage and / or accompanied baggage at 430 EUR through the entry points open for air and maritime traffic, and at 300 EUR – through other checkpoints. This draft Law relates to the draft Law of Ukraine (reg. № 3444).

Pursuant to Articles 84, 353, Annex XV\(^1\) «Approximation of customs legislation» and Annex XXVIII to Chapter 4 «Taxation» of the Association Agreement the draft Law of Ukraine «On amendments to the Customs Code of Ukraine (concerning the implementation of the Association Agreement between Ukraine EU)» has been developed (reg. № 3444).

The draft Law provides for setting thresholds on the goods importation without taxation customs payments in the carry-on baggage and / or accompanied baggage at 430 EUR instead of 1,000 EUR through crossing points open for air and maritime traffic, and at 300 EUR instead of 500 EUR - through other checkpoints.

**Establishment of business, trade in services and electronic commerce**

**Establishment of business entities**

Public policy in the spheres of establishment business entities, trade in services and electronic commerce is aimed at further approximation of Ukrainian legislation in these areas to the laws, standards and practices of the EU, including simplification of the establishment and functioning of companies, their branches and representative offices, the protection of the rights of investors, the use of electronic means of payment, etc. (see priority 7 of the Association Agenda).

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\(^{190}\) Provides for the implementation of the third part (concerning quantitative restrictions) of Council Directive 2007/74/EC of 20 December 2007 on the exemption from value added tax and excise duty of goods imported by persons travelling from third countries.

Financial services

- A Comprehensive road map in the field of financial services was developed and is currently discussed with the EU side\(^{192}\).

Trade in services

- In order to introduce international standards of supervision, in particular on implementation of the supervision (oversight) of payment systems and settlement systems, the National Bank of Ukraine adopted the following measures:

  - **Approved Methodology for comprehensive assessment of systemically important payment systems\(^{193}\),** which take into account international standards, determined by the Committee on payment and settlement systems of the Bank for International Settlements and the Technical Committee of the International Organization of Securities Commissions (IOSCO).

    The methodology determines the compliance of systemically important payment systems with the core principles set by international standards of oversight, in particular regarding to:

    - Management of the payment institution;
    - Management of risks (credit, commercial, depository, investment, operational, and liquidity risks);
    - Settlement finality in payment system;
    - Requirements for access, participation and structure of participation in the payment system;
    - Efficiency and effectiveness of the payment system operation;
    - Publication and provision of information by payment institution;

  - **Specified requirements to the documents of participants of the market of payment services**, including in the part of performing financial monitoring, the observance of which should improve the transparency of payments and to eliminate the illegal conduct of operations\(^{194}\), taking into account the requirements of Regulation (EC) № 1781/2006 of the European Parliament and of the Council of 15 November 2006 on information on the payer accompanying transfers of funds;

  - **Strengthened requirements to prevent legalisation (money laundering) of proceeds from crime and terrorism financing** by making appropriate changes in the Regulation on electronic money\(^{195}\).

- The Ministry of Finance is finalizing the development of Risk criteria of legalisation (money laundering) of proceeds from crime, terrorism financing and financing of proliferation of weapons of mass destruction.

The draft act of the ministry stipulates that the risk assessment is carried out by the geographical location of the country of registration of the client, through which he carries out the transfer (receipt) of assets, by the type of client, type of goods and services.

Risk assessment will be carried out in respect to all clients, to whom financial or other services are provided, and/or with whom business relations are established.

\(^{192}\) See also chapter «Financial Services» and Section «Economic and sectoral cooperation» of this Report.
\(^{193}\) Resolution of the NBU Board № 635 dated September 24, 2015
\(^{194}\) Resolution of the NBU Board № 635 dated September 24, 2015
\(^{195}\) Resolution of the NBU Board № 481 dated July 24, 2015
Electronic commerce

- The Verkhovna Rada adopted the Law of Ukraine «On Electronic Commerce» aimed at approximation of Ukrainian legislation to EU standards in the field of innovative technologies and e-commerce. The Law, in particular:
  
  - Defines the legal status of the buyer and the seller of goods, works and services in e-commerce;
  - Establishes the obligation for the seller, which distributed the information about the product, work, and service, to disclose and provide direct, easy, stable access to information about its full name and address, details of the (if license is mandatory), information on including taxes and cost of shipping into the cost of the good, the work, and/or the service;
  - Equates an e-deal, in terms of the legal consequences, with a contract concluded in writing;
  - Establishes the obligation for all participants in the sphere of electronic commerce to protect personal information, which they learned from electronic documents (messages) in implementation of electronic transactions, in the manner prescribed by the law of Ukraine «On Personal Data Protection».

However, in connection with the adoption of the Law of Ukraine «On Electronic Commerce», the EU experts expressed comments on inadequate and insufficient fixation in the Ukrainian legislation the liability of intermediary service providers in the field of intellectual property.

Proper regulation in the legislation of Ukraine these issues and ensuring of an effective implementation of this Law in accordance with the obligations under the Association Agreement, should be realized by the adoption of the draft Law of Ukraine «On Amendments to Certain Legislative Acts of Ukraine on Protection of Copyright and Related Rights in the Internet» (reg. № 3353).

- The draft Law of Ukraine «On Electronic Trust Services» was developed (reg. № 2544a).
  
  The bill is aimed at:

  - improving legislation in the sphere of use of public key infrastructure and provision of electronic trust services;
  - development of uniform system of electronic trust services;
  - mutual recognition of Ukrainian and foreign public key certificates, electronic signatures and seals.

However, the bill may require additional processing for compliance with the Association Agreement with the EU legislation as part of its consideration in the Verkhovna Rada of Ukraine.

- Restrictions on receiving services related to an electronic signature on a contractual basis by government authorities, local governments, enterprises, state-owned institutions and organizations, only from one Key Certification Authority, were removed.

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196 The law of Ukraine № 675-VIII
197 Restrictions lifted by the Decree of the Cabinet of Ministers of Ukraine dated September 8, 2015 № 675 through changes to the Order of the use of digital signature by public authorities, local governments, enterprises, institutions and organizations of state property (approved by the Decree of the Cabinet of Ministers of Ukraine dated October 28, 2004 № 1452).
In order to implement the provisions of the Agreement, Ukraine carries out preparations for the liberalization of its legislation in the sphere of movement of capital. The EU project «Technical assistance in the financial sector’s priority areas» facilitates these efforts; one of its components «Strengthening capacity in implementing measures to establish necessary preconditions for the future gradual introduction of free movement of capital» is implemented in the National Bank of Ukraine.

**Intellectual property**

- A number of draft laws have been developed aimed at adaption of the relevant EU Directives and Regulations and the provisions of Chapter 9 of the Association Agreement:
  
  o **«On Amendments to Certain Legislative Acts of Ukraine on Resolving the Issues of Copyright and Related Rights in the Internet»** (reg. № 3353).

    The draft law:
    
    - Resolves conflict between provisions of the Civil Code of Ukraine and Law of Ukraine «On Copyright and Related Rights» concerning the ownership of property to the office computer programs;
    - Enshrines «freedom of panorama» (exception to copyright, which provides the possibility of free photographic works of architecture and sculptures in public places);
    - Introduces the innovative for Ukrainian legislation concept of a public license agreement in order to legalise common in the digital environment electronic contracts, such as end-user licenses for use of copies of computer programs, licenses for «free software» (e.g. Linux, Open Office) and other «free content» (for example, articles in Wikipedia);
    - Abolishes the term «video gram» that always evoked criticism from international experts, and introduces the term «producer of the first record of the film».

  o **«On Amendments to Certain Legislative Acts of Ukraine Relating to Acquisition, Disposal and Protection of Copyright and Related Rights»».

    The draft law provides for:
    
    - eliminating gaps and conflicts regarding creation, acquisition and disposal of intellectual property rights on office works and works, created within the framework of implementing the commissioned contracts agreements;
    - spreading the license agreements on objects of copyright and related rights on the basis of public offer.

  o **«On Collective Management of Property Rights of the Copyright and Related Rights Subjects»».

    The draft law has been elaborated to resolve the issue of activities of collective management organizations and ensuring transparency of collective management organizations.

198 The draft law was approved by the Government on December 16, 2015.

- «On Amendments to Certain Legislative Acts of Ukraine Relating to Intellectual (Industrial) Property». The draft Law provides for introduction into the laws of Ukraine on regulating relations in the sphere of industrial property the following norms:
  - Electronic submission of applications and their electronic record keeping;
  - Producing official e-newsletter;
  - Publication of information on applications for filing objections on granting legal protection to objects of industrial property rights (trademarks, industrial designs, geographical indications);
  - Appeals against decisions of persons, who submitted objections to the Appeals Chamber;
  - Publication of decisions of the Appeals chamber;
  - Restoration of the rights of the applicants.

- «On Amendments to Certain Legislative Acts of Ukraine (Relating to Enhancing Protection of Intellectual Property Rights)».


Amendments to the legislation of Ukraine, in particular, relate to:
  - Procedure for compensation of damage for violation of intellectual property rights;
  - Range of persons, who have the right to apply to the court for protection of those rights;
  - Demanding evidence and ensuring the right to information in cases of violations of those rights;
  - Alternative measures that may be taken by the court in cases of violation of intellectual property rights.

➢ The State Intellectual Property Service on its official website opened on-line access to information about applications for trademarks, which is updated daily.

This allows copyright holders to timely track submitted applications, which may violate their intellectual property rights, and to prevent registration of unscrupulous trademarks by means of filing objections.

➢ The amendments\textsuperscript{199} to the Cooperation Program/Agreement between the State Intellectual Property Service of Ukraine (SIPSU) and the World Intellectual Property Organization (WIPO) were adopted.

This will allow the SIPSU and Ukrpatent in the near future to begin implementing the functions of International searching authority and International preliminary examining authority.

\textsuperscript{199} October 6, 2015
The Law of Ukraine «On Amendments to Certain Legislative Acts on Ensuring Transparency of the Antimonopoly Committee of Ukraine Activity» was adopted.

The Law, in particular, provides for establishing responsibility of the Antimonopoly Committee to publish its decisions taken by results of review of applications and cases on concerted actions or concentration.

At the same time, to ensure openness and transparency, the Antimonopoly Committee has already introduced since July 2015 practice to publish decisions taken at its meetings. Disclosure is required for all Committee decisions, in particular regarding the results of review of applications and cases on concerted actions or concentration.

Decisions are made public on the official web site of the Antimonopoly Committee – http://www.amc.gov.ua/amku/control/main/uk/publish/category/80173

Amendments to the legislation on protection of economic competition relating to determination by the Antimonopoly Committee bodies the amounts of fines/penalties for violation of competition legislation were developed.

In particular, determining the amount of penalty for violation of competition law is proposed being carried out in two stages: at the first stage, the basic amount of fine for each defendant is determined; at the second – this amount is adjusted to reflect aggravating and mitigating circumstances. In determining the estimated basic amount of the fine, the following aspects are taken into account:

- The income of a seller from sale of products associated with the violation, or the expenses of a buyer for purchasing goods, directly or indirectly associated with the violation;
- Severity of the violation;
- The need to ensure a deterrent effect;
- The costs that have been/could be incurred by a buyer for purchasing products (goods, works, services) in case if such violation did not happen, and the products would have been sold realized under conditions of high competition.

In exceptional cases, due to the need to ensure adequate deterrent effect, the penalties may be determined in larger amounts for committing violations that led to particularly negative effects on competition.

Also, in exceptional cases, in particular, caused by force majeure fines can be determined in smaller amounts (including a symbolic one).

The relevant draft Law of Ukraine was submitted to the Verkhovna Rada (reg. № 2431). However, analysis of the text of the draft law proposed by the line Parliament Committee for the second reading, showed that in the wording of the proposed draft law approach to defining the powers of the Economic Court does not agree with the approaches of the EU and not in conformity with the paragraph (b) of Part 3 of Article 255 of the Association Agreement and paragraph 7 of the Preamble and Article 6 of Regulation (EU) № 1/2003.

The Law of Ukraine № 782-VIII.

Adopted by the Verkhovna Rada of Ukraine at first reading on 12 November 2015.
The Law of Ukraine that provides for the complex resolution of the issues relating to improving efficiency of control over Economic Concentrations was adopted\(^\text{202}\).

The law is aimed at deregulation of economic activity, namely the increase of monetary indicators, which requires the approval of the Antimonopoly Committee on concentration of economic entities, and assessment of the impact of such concentration on competition in Ukraine, as well as on the implementation of the provisions of Articles 1 and 5 (1) - (2) of Council Regulation (EC) № 139 / 2004 on the control of concentrations between undertakings.

The draft Law was elaborated taking into account the Recommendations of the Organisation for Economic Cooperation and Development, Recommendations of the International Competition Network, and Recommendations from the UNCTAD Review to build an effective, efficient and rapid control system for economic concentrations. The draft Law aims to implement the principles of an effective system of control over economic concentrations, including:

- Implementation of the procedures aimed to ensure an accelerated review and permission for those mergers that do not raise concerns about their impact on competition;
- Establishing of a clear criteria for determining whether a merger requires treatment with the appropriate application for a permit for its implementation;
- Ensuring consideration of mergers and decision-making within a reasonable period and forecast.

In order to clarify the principles for determining penalties imposed for violation of competition law, Recommendations/Guidelines on clarification concerning application of provisions of the second and fifth paragraphs of Article 52 of the Law of Ukraine «On Protection of Economic Competition», and the first and second parts of Article 21 of the Law of Ukraine «On Protection Against Unfair Competition» were prepared\(^\text{203}\).

Based on the European experience, these guidelines provide for:

- Formulation of the principles of legal certainty, proportionality, non-discrimination and ensuring the deterrent effect of penalties;
- Definition of approaches recommended to be used by the Antimonopoly Committee when determining the amount of fines for violation of competition legislation.

The guidelines are posted on the official website of the Antimonopoly Committee in accordance with obligations under the Association Agreement regarding the mandatory publication of the Committee’s decisions.

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\(^{202}\) The Law was adopted on January 26, 2016

\(^{203}\) № 16-pp dated September 15, 2015

\(^{204}\) The Law of Ukraine № 416-VIII.
In order to ensure is to ensure the proper implementation of the provisions the Law of Ukraine «On State Aid to Undertakings»

through adoption of adequate by-laws, as well as efficient institutional and organizational support:

- Amendments were made to the Institutional reform plan (IRP) in the sphere of monitoring and control of the State aid to undertakings in order to make it more detailed and include into IRP measures of personnel, organizational and institutional support for the process of establishing a system of monitoring and control of State aid;

- Adopted:
  - The procedure for monitoring State aid entities;
  - The order, form and requirements regarding submission of information about the current state aid entities to Antimonopoly;
  - The order of logging and access to the register of state aid for business entities.

- Draft Procedure for return of illegal state aid, unacceptable for competition, was developed and approved on October 6, 2015, at the Antimonopoly Committee’s meeting.

### Transparency

The Association Agreement contains provisions regarding the publication of information on laws, by-laws, court decisions, procedures and administrative rules, which may affect any matters covered by the Agreement, with the exception of court decisions concerning an individual.

Ukrainian legislation provides appropriate conditions to ensure prompt publication, providing access via the official Internet resources for all people and interested parties to the texts of legal acts and regulations adopted by relevant government authorities.

Ukraine introduced a mechanism for publishing orders of the Prosecutor General of Ukraine. The Orders of the Prosecutor General of Ukraine, which are the normative legal acts, after they are included into the Unified State Register of legal acts, are published in the Ukrainian language in the official government periodicals and posted on the official website of the Prosecutor General’s Office of Ukraine.

### Trade and sustainable development

The Ukrainian side began working on establishment of an Advisory Group on sustainable development and formation of the Ukrainian part of the Group of experts in the sphere of trade and sustainable development.

The Ministry of Economic Development and Trade is reviewing proposals from government authorities, public and non-governmental organizations regarding the personal composition of the Advisory Group.

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205 The law of Ukraine «On State Aid to Undertakings» № 1555-VII was adopted on July 1, 2014.
206 Resolution of the Cabinet of Ministers of Ukraine No. 936 dated 16 September, 2015.
207 Resolution of the Antimonopoly Committee of December 28, 2015 № 43-rp.
Dispute settlement

- Procedures for appointing and drawing up a list of representatives of Ukraine to the arbitration group under the procedure for disputes specified in Articles 306 and 307 of the Agreement\(^{208}\) have been defined.

It is envisaged that:

- selection of candidates for the appointment of representatives of Ukraine to the arbitration group will be on a competitive basis;
- representatives of Ukraine to the arbitration group will be appointed by the Cabinet of Ministers of Ukraine according to submitted by the Ministry of Justice the list of candidates determined by the results of the competition;
- candidates for the appointment of representatives of Ukraine to the arbitration group must meet the criteria set out in the Association Agreement.

The Ministry of Justice will carry out competition in due course and after its results it will submit the list of candidates for the appointment of representatives of Ukraine to the arbitration group by April 1, 2016.

\(^{208}\) Regulation of the Cabinet of Ministers dated December 2, 2015 № 995.
Integration of energy markets and enhancing energy security

- Reverse supplies of natural gas from Europe, particularly from Poland, Slovakia, and Hungary were renewed.
- In order to implement Article 340 of the Agreement, has been endorsed the list of authorized representatives from the Ukrainian side in the framework of the Early Warning Mechanism between Ukraine and the EU.
- Ukraine and the World Bank signed a Loan Agreement for provision to Ukraine of 378.4 mln USD to finance the project on the development of national electric networks\(^{209}\). The loan includes 330 mln USD directly from the World Bank, and 48.4 mln USD from the Clean Technology Fund.

The loan will be directed at implementation of the «Second project on transmission of electricity», in order to increase the reliability of the transmission system and support the introduction of the wholesale electricity market in Ukraine.
- Ukraine and the European Bank for Reconstruction and Development signed a Loan agreement, which provides the allocation of 65 mln EUR to the State enterprise NEC «Ukrenergo»\(^{210}\).

- In March 2015, the Secretariat of the Energy Community began discussions with the Ukrainian and Moldavian sides on launching a project, aimed at establishment the cross-border day-ahead electricity market.
- Financial Agreement (to implement the Project «Reconstruction, Capital Repair and Technical Re-equipment of the Major Pipeline «Urengoy – Pomary –Uzhgorod») between Ukraine and European Investment Bank was ratified\(^{211}\).

Within the project the EIB allocates 150 mln EUR and 150 mln EUR - the loan of the EBRD. The signature of that Financial Agreement enables the start of the Project with aim to ensure an uninterruptable and reliable transport of gas to Europe through the territory of Ukraine.

The purpose of the project is to improve the reliability, transparency, efficiency and commercial attractiveness of existing transport routes, as well as reducing environmental impact, minimizing the risks of natural gas to European consumers through Ukraine.

- The consultations on the renewing\(^{212}\) of Memorandum of Understanding between the European Union and Ukraine on co-operation in the field of energy in order to ensure its conformity with the current challenges and objectives in the energy field have started.

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\(^{209}\) On February 10, 2015.
\(^{210}\) On March 24, 2015.
\(^{211}\) On July 15, 2015.
\(^{212}\) It is expected that the document will be prepared for signing in the second quarter 2016.
**Energy efficiency**

- The amendments that are aimed on assurance of conditions for the competitiveness of the electricity production from the alternative energy sources were introduced[^213].

  In particular:
  
  - «Green» tariff for electricity, which produced by wind plants for private households as well as for electricity produced from geothermal energy was introduced;
  
  - «Green» tariff for private solar / wind installations applies to a capacity of 30 kW and has to be reviewed taking into account exchange rate fluctuations;
  
  - «Green» tariff for the power plants that produce the electricity from the biomass and biogas was increased by 10%; from the solar energy - the tariff was reduced by 45%;
  
  - The term «biomass» brought in line with the requirements of the European Parliament and of the Council Directive 2009/28/EC. That enables to get the «green» tariff for the production of electricity not only from the waste, but also from the products of agriculture and forestry;
  
  - The rule of «local content» is cancelled and surcharge to the «green» tariff is instead introduced as a stimulating factor in cases when using domestic equipment; the amount of surcharge will be 5% (localization of 30%) or 10% (localization of 50%). The surcharge is set until 2030, but is not applicable to the power plants which became operational after 2025;
  
  - The unified formula was introduced for calculation of the «green» tariff for all kinds of energy: the on-peak load ratio was excluded from the formula for calculation of the «green» tariff for electricity produced from solar energy and by the micro, mini and small hydropower plants.

- **The National Energy Efficiency Action Plan until 2020** and a Plan on its implementation were approved[^214].

  Action Plan provides for achievement in 2020 the national indicative objective concerning energy savings of 9% of the average indicator for final domestic energy consumption in 2005-2009, which amounts to 6,5 mln tons of oil equivalent. The document defines an intermediate objective - to reduce the power consumption of 5% in 2017.

  Implementation of these indicators planned by implementation of measures in four main sectors of final energy consumption:

  - Domestic sector (the largest expected effect);
  
  - Service sector (including energy consumption of budget institutions);
  
  - Industry;
  
  - Transport.

  The National Action Plan developed in cooperation with European and national experts as well as scholars. The adoption of the National Action Plan provided with commitments of Ukraine within the Treaty establishing the Energy Community.

[^213]: The Law of Ukraine № 514-VII
In order to facilitate conditions for business activity in the field of biofuels production were developed amendments to the Law of Ukraine «On alternative fuels».

The draft Law foresees:

- The elimination from the Law of Ukraine «On alternative fuels» the provisions on the conduction of the state register for producers of liquid biofuels and biogas by the body authorized by the Cabinet of Ministers of Ukraine;
- The abolition of requirements to entry in the register of business entities, which are engaged in economic activities related to the production, storage and placing on the market of liquid biofuels and biogas.

Was approved:

- The Technical Regulation of the energy labelling of household dishwashers[^215].


- The Technical Regulation of the energy labelling of TV[^216];
- The Technical Regulation of the energy labelling of household drum dryers[^217].

The energy labelling of household devices will provide the customers of this equipment with complete and reliable information about its energy efficiency class.

To implement the tasks of the priorities, Ukrainian Side enlists the expert and technical support of the projects:

- «Municipal energy reform in Ukraine» (USA), project budget - about 13.5 mln USD for the period: 27.09.2013 - 09.29.2017;
- «Energy efficiency in communities» (Germany), project budget - 4 mln EUR for the period: 01.09.2013 - 08.31.2016.

**Nuclear safety**

As a part of the nuclear power sector reform the draft Law of Ukraine «On peculiarities of corporatization of state enterprise National Nuclear Energy Generating Company «Energoatom» is being developed.

The Draft Law foresees the creation of the public joint stock company with 100% shares owned by the State, during the corporatization of the State Enterprise «National Nuclear Energy Generating Company «Energoatom».

The work on the draft of the State target economic program for development of the nuclear-industrial complex of Ukraine for 2016-2020 is continuing.

The program focuses on organization of the production of nuclear fuel and its components from the national resources of natural uranium and zirconium with aim to provide the Ukrainian NPP with nuclear fuel, to reduce import dependency and to diversify of fuel suppliers on a stable basis.

[^216]: Developed and will be approved by the Cabinet of Ministers of Ukraine.
[^217]: Developed and will be approved by the Cabinet of Ministers of Ukraine.
Were developed amendments to the legislation in the field of nuclear energy (registration № 3858) for implementation of the provisions of Council Directive 2013/59/EURATOM that establishes basic safety standards for protection against the dangers from ionizing radiation.

The draft law provides to make appropriate amendments to laws of Ukraine “On Nuclear Energy Use and Radiation Safety”, “On licensing activities in the field of nuclear energy”, “On Protection of Rights of ionizing radiation”, “On the extraction and processing of uranium ore”.

Management of public finances: fiscal policy, internal control and external audit

- The clear rules to amend the state budget for the fiscal year in order to increase transparency and predictability of fiscal policy were defined; as well as the number of key budget holders was optimized\(^{218}\).

  In particular, the Law:
  - specified an exhaustive list of options when amendments can be made to the Law on State Budget of Ukraine;
  - provided that a draft law on amending to the Law on State Budget of Ukraine can be examined in the Verkhovna Rada of Ukraine only if there is expert opinion prepared by the Ministry of Finance of Ukraine.

- The Law of Ukraine «On the open use of public funds\(^{219}\) (№ 183-VIII) establishes the conditions and procedures for providing informational awareness and access to public funds for the recipients of state and local budgets, state entities, as well as for the compulsory state social insurance funds

The law foresees the quarterly publication on the planned and the actual use of public funds. In addition, it also envisages the free and accessible provision of such information on a specially created a single web portal.

  - In order to implement the above-mentioned Law, the government took the following steps:

    o **The state enterprise** «The main design and manufacturing service centre of computer technology», under the Ministry of Finance of Ukraine is **authorized to administer a single web portal of the use of public funds\(^{220}\)** was defined as entity that is authorized to administer a single web portal for the use of public funds;

    o **Approved the procedures of informational disclosure about payment transactions** on the single treasury account\(^{221}\);

    o **Approved the administration procedures for a single web portal to track the use of public funds\(^{222}\)**.

\(^{218}\) The Law of Ukraine № 914-VIII.

\(^{219}\) The Law of Ukraine № 183-VIII.

\(^{220}\) Resolution of the Cabinet of Ministers of Ukraine № 911 on September 14, 2015.

\(^{221}\) Resolution of the Cabinet of Ministers of Ukraine № 676 on September 14, 2015.

\(^{222}\) Resolution of the Cabinet of Ministers of Ukraine № 694, on September 14, 2015.
- **Single web portal of the use of public funds was launched** ([http://spending.gov.ua/](http://spending.gov.ua/))

The web portal allows users to find out more information on control processes, creation, distribution and use of public funds by holders and recipients of the State Budget of Ukraine, the Autonomous Republic of Crimea and local budgets, Pension fund authorities, enterprises, as well obligatory state social insurance funds.

- Ukraine was ranked 54th in the global rating for the openness of public data “Global Open Data Index” among 134 countries in 2015 In 2015 Ukraine²²³.

The decisive factors contributing to Ukraine’s upgrade in the rating are, among others, the implementation of the web-portal on public spending ([http://spending.gov.ua/](http://spending.gov.ua/)) and the release of data on government procurement.

- In order to improve transparency and predictability of fiscal policy, in particular through reducing cases of amendments to the state budget, the Ministry of Finance of Ukraine along with the Support Ukraine Group of the European Commission developed the draft Law of Ukraine «On Amendments to Article 52 of the Budget Code of Ukraine» (regarding budgetary rules related to the budget amendment).

The draft Law envisages clear rules for amendments to the state budget during the budget year, including:

  o Determination of the exhaustive list of cases in which changes to the Law on State Budget of Ukraine can be made;

  o Definition of cases in which the Cabinet of Ministers of Ukraine has an exclusive right to submit changes to the Law on State Budget of Ukraine before the Parliament of Ukraine - the Verkhovna Rada;

  o Mandatory government conclusions elaborated by the Ministry of Finance on the feasibility and / or the possible adoption of a law that has been initiated by other subjects of legislative initiative. The government conclusion is a prerequisite for bringing the draft law on budget amendment to the Parliamentary Committee on Budget.

- The following achievements have been made as part of the Memorandum of Understanding between the State Financial Inspection of Ukraine and the Ministry of Finance of the Netherlands on support to the development of public internal financial control:

  o The manual of internal financial audit;

  o The beginning of the work on guidelines on internal financial audit for the Ukrainian public sector and on methodological guidance for the organization and conduction of IT audits.

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## Taxation

- **Amendments to the Tax and Customs Codes of Ukraine regarding peculiarities of the added value taxation of the individuals’ cabin luggage during the operations of importing goods to Ukraine** were developed²²⁴.

²²³ Annually the rating reflects how national governments treat public data to make them more accessible and transparent for the public.
Given the adopted amendments to the Tax Code of Ukraine, the current work focus is on simplifying tax-reporting forms. The draft of the new corporate income tax declaration form foresees:

- The unification of corporate income tax declaration form (one single form instead of five separate forms);
- A significant numerical reduction of annexes to the tax declaration form (from 14 to 9 annexes);
- Simple and logical tax declaration structure that would allow the taxpayer to determine their tax liabilities quicker.

The draft of the simplified tax declaration form of VAT foresees:

- Reduction of the number of declaration sections (from four to three sections);
- Reduction of the number of rows in declaration by almost 70 percent (from 96 to about 30 rows for full in the declaration);
- Reduction of the amount of information to be reflected in the tax declaration and its annexes, as well as in the tax bill (the proposal is to exclude the information which become irrelevant due to the introduction of electronic VAT administration system).

The introduction of the simplified tax declaration forms will reduce the taxpayers’ time spent on its preparation and minimize errors.

For providing the distance online service to the taxpayers, the electronic card of the taxpayer has been introduced. The electronic card aims at proving online operations to taxpayers through the system of «Personal Electronic Cabinet», through the self-service terminals and other informational systems of the State Fiscal Service of Ukraine.

The electronic service «Personal Electronic Cabinet» is one of the main tools to provide electronic services in a real time and at no cost to taxpayers. The functions of this electronic service will allow:

- Generate and submit the electronic tax declaration;
- Submit electronic application and obtain electronic certificate of tax debt absence.

The service saves time and prevents interference of human factor in the interaction between the taxpayer and the state fiscal authority.

**Banking sector**


As part of the implementation process of these new Laws, the composition of the Board of the National Bank of Ukraine has been renewed, in particular, the Board was transformed into a collegial body and its composition is reduced up to six members.

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224 See item «Customs and trade facilitation» in Chapter V «Trade and trade related issues» of this Report.
225 The Law of Ukraine No 541-VIII.
226 The Law of Ukraine No 542-VIII.
In addition, the reforming process in taking place in the decision-making system of the Board of Ukrainian National Bank. In particular, the Board delegated powers of newly created committees, which should contribute to the improvement of work quality and effectiveness of the Board.

In particular, the Board of the National Bank of Ukraine has already established the following committees that are currently functioning:

- Committee for change management;
- Committee for monetary policy;
- Committee for financial stability;
- Credit Committee;
- Committee for Asset and liability management;
- Committee for competitive bidding;
- Committee for oversight and regulation of banks and for supervision (oversight) of payment systems;
- Budget Committee;
- Committee on Operational Risks and Business Continuity Management.

On 1 November 2015, the decision-making system of in the National Bank committees is operating under the new model.

➢ The National Bank with the view to introduce international standards in the sphere of regulation and supervision of the Basel Committee and FATF recommendations approved a number of changes to the regulatory framework, including:

- amendments to the regulations on the calculation of credit risk;
- signs of bank risky activity, including risky activity in the sphere of financial monitoring and enforcement were specified;
- reporting requirements for banks in the area of management and risk assessment in the sphere of prevention and counteraction to legalization (laundering) of income of crime were improved;
- auditing firms employee qualification requirements that performing audits of banks were increased;
- the order of reorganization of banks was improved;
- the procedure for identifying banking group was specified.

➢ The National Bank of Ukraine launched technical cooperation with the European Central Bank (Frankfurt, Germany).
In order to implement the Directives of the European Parliament and of the Council 2013/34/EC of June 26, 2013 (concerning the annual financial statements, consolidated financial statements) into the Ukrainian legislation, there have been elaborated amendments to the Law of Ukraine «On Accounting and Financial Reporting in Ukraine» (reg. No 2486) which have already been submitted to the Verkhovna Rada of Ukraine.

Taking into account that the provisions of Directive 2013/34/EC in some cases differ from the rules of International Financial Reporting Standards (IFRS), companies that prepare financial statements under IFRS, will be guided by the provisions of IFRS. However, all the other businesses will be guide by the national provisions (standards) of accounting aligned with Directive 2013/34/EC after the adoption of amendments to the Law of Ukraine "On Accounting and Financial Reporting in Ukraine». The amendments to the Law envisage the following:

- To establish criteria of defining business as micro, small, medium and large enterprises in accordance with Directive 2013/34/EC;
- To establish that the company engaged in mining of national importance, prepare the financial statements under IFRS;
- To extend the application of the Law «On Accounting and Financial Reporting in Ukraine» on the budget operations and on budget reporting, taking into account the budget legislation;
- To reduce the list of obligatory requisites for primary documents;
- To specify the period of drafting the interim financial statements;
- To improve the procedure for submission and publication of financial statements.

The draft Law of Ukraine «On the Audit of Financial Statements and the Audit Activity» was developed.


- To introduce the system of public oversight of the audit and to ensure the independence of the system of public oversight from auditors;

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227 The draft law has only partly taken into account the provisions of the new EU Directive 2013/34/EU that regulates annual financial statements. The Association Agreement excludes the commitment to the implementation of Directive 2013/34/EU. However, it includes the commitment to the implementation of Fourth Council Directive 78/660/EEC repealing Directive 2013/34/EU. The provisions of Directive 2013/34/EU confirm more progressive approach (compared with the Fourth Directive), including the definition of micro, small and medium enterprises. The draft law could require additional analysis to ensure compliance with the Association Agreement under consideration by the Verkhovna Rada of Ukraine, including because of the Agreement development.
To create a quality control system of audit services and the corresponding system of sanctions;
To introduce the direct application of international auditing standards;
To create a unified register of auditors and audit firms;
To identify categories of enterprises with public interest this should be subject to mandatory audit.

The draft law that **complies with the international standards in the management of state unitary enterprises was developed** (reg. №3062)\(^\text{228}\).

The draft law has provision for the creation of board of supervisors with independent directors on these enterprises. Professional managers, not politicians or bureaucrats will supervise state-owned enterprises. Furthermore, the draft law focused on strengthening the requirements for audit and disclosure of information by these entities.

In order to implement the priority tasks, the Ukrainian side involves expert and financial assistance under the Project «Technical Assistance in the Financial Sector's Priority Areas» (EU). The funding of the project is 3.36 mln EUR for the period from 27.03.2015 – 27.03.2018.

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The **draft Law of Ukraine «On amendments to certain laws of Ukraine regulating state statistical activities»** has been developed (№ 3512).

The draft Law aims at strengthening the coordination role of the State Statistics Service of Ukraine in the national statistical system and at identifying the producers of statistical information and the suppliers of administrative data. The draft Law also aims at formation of the National Council on Statistics.

The draft law is a priority for the implementation of commitments under the Association Agreement in the field of statistics, namely the construction of a stable, efficient and professionally independent national statistical system, which should be based on the fundamental principles of the United Nations official statistics and the EU acquis in the field of statistics.

Drafting of the law provided in the plan of implementation of Regulation (EC) № 223/2009 of the European Parliament and of the Council on European statistics. The establishment of the National Council on Statistics will provide the legal basis to consolidate the coordination role of the State Statistics Service which is necessary to build a coherent national system of official statistics and to ensure its compliance with the fundamental principles of official statistics of the United Nations, the European Statistics Code, and with the Compendium of statistical requirements.

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\(^{228}\) November 12, 2015 the draft law was adopted in the first reading. It may require additional examination for compliance with the Association Agreement and the EU acquis under consideration by the Verkhovna Rada of Ukraine.
Concept of providing statistical confidentiality has been approved. The document is based, inter alia, on the principles of official statistics, adopted by the UN Statistical Commission in 1994, the principles and norms of the European Code of Practice approved by the Committee statistical programs on September 28, 2011.

The concept establishes the legal framework of statistical confidentiality for the state statistics institutions in accordance with international norms, standards and regulations as well as provides the access to more detailed statistical information taking into account the statistical confidentiality. These measures should improve the quality of statistical information and gain users confidence as well as confidence of respondents to the activity of state statistics.

Approval of the Methodological provisions concerning the organization of the structural revision of insurance companies.

The document introduced methodology for compiling structural statistics indicators on insurance companies into the Ukrainian statistical practice. The structural statistics indicators are required by the EU legislation, in particular, the Regulation (EC) № 295/2008 of the European Parliament and of the Council of Europe concerning structural statistics of the above-mentioned subjects.

Calculations of the main indicators of structural statistics on credit institutions and insurance companies for 2012-2014 years, provided by the EU regulation on structural business statistics.

These calculations are carried out in accordance with the Methodological provisions of the organization of the structural survey of credit institutions and the aforementioned Methodological provisions of the organization conducting the structural survey of insurance companies.

Results of calculations are placed in statistical digests "The activity of business entities" and "Activities of large, medium, small and micro Business Entities" for 2014.

As part of the implementation of structural observations in the field of agriculture, the forms of state statistical observations for agriculture and fisheries have been approved, including the use of nomenclature for agricultural and fishery products and of aquaculture.

Since the first quarter of 2015 it is introduced in statistical practice the calculation of indicators of business confidence in industry, construction, retail trade, services, financial services in accordance with the methodology of calculation the indicators of business expectations according to the requirements of the expanded Special Data Dissemination Standard of the International Monetary Fund and their publication.

The data updated questionnaire surveys of business activity of enterprises, brought into accord with the Harmonized program of the EU, which were introduced in statistical activities in 2015 is the source of information for the calculation of these indicators. In order to improve the methodological principles of statistical business activity has been approved methodological provision of state statistical observations of the "State business activity".

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229 Order of the State Statistics Service of Ukraine № 180 July 28, 2015
230 Order of the State Statistics Service of Ukraine № 225 September 29, 2015
232 Order of the State Statistics Service of Ukraine № 219 September 25, 2015
233 Order of the State Statistics Service of Ukraine № 411 December 30, 2014
234 Order of the State Statistics Service of Ukraine № 155 July 6, 2015
The document defines the methodology of the specified State statistical observations in accordance with the EU requirements regarding the surveys of trends in business activities and taking into account the needs of the national users.

The work on improvement of the methodology and tools of state statistical observations on horticulture, livestock, viticulture and winemaking, making of pesticides taking into account metrics provided by international standards was carried out. In particular:

- Amended:
  - Methodological provisions concerning the organization of state statistical observations on fisheries management of enterprises;\(^{235}\)
  - Methodological provisions concerning the organization of the state statistical observations on the state of crop;\(^ {236}\)
  - Methodological provisions concerning the organization of the state statistical observations on the state of livestock;\(^ {237}\)

- Forms of state statistical survey on livestock production, the number of livestock and the supply of their feeds using Nomenclature of agricultural products has been approved;\(^ {238}\)

- Commission on improving the methodology and reporting documentation of the State Statistics Service approved:
  - Projects of statistical forms and instructions (clarification) for filling out of crop production, livestock and mineral fertilisers;
  - Project of the statistical tools of the State statistical observation of using pesticides in 2017;

- Explanation on filling out forms of State statistical observations on livestock production, the number of livestock and provision of their feed was sent;\(^ {239}\)

The State Statistics Service of Ukraine together with the State Fiscal Service of Ukraine and the National Bank of Ukraine prepared the explanation on possible data discrepancies regarding foreign trade of goods and services in their statistics. The explanation states the following:

- The foreign trade data which is prepared by the State Fiscal Service is based on customs declarations, submitted to the customs authorities when moving goods across the customs border of Ukraine;

- The State Statistics Service complement the same foreign trade data with state statistical reports on goods purchased in ports and on goods that do not need to pass customs declaration. In addition, the State Statistics Service also corrects this data taking into account the volume of crude oil and natural gas.

- The existence of discrepancies between the State Statistics and the National Bank in data on foreign trade of goods and services is due to:

235 Order of the State Statistics Service of Ukraine № 139 June 8, 2015
236 Order of the State Statistics Service of Ukraine № 143 June 9, 2015
237 Order of the State Statistics Service of Ukraine № 144 June 9, 2015
238 Order of the State Statistics Service of Ukraine № 325 November 11, 2015
239 Letter of the State Statistics Service of Ukraine № 17.4-12/33 December 18, 2015
classification). At the same time, methodological approaches used both by the State Statistics Service and by the National Bank meet the relevant international standards;

- Use of different sources of information.

Explanation can be found on the official website of the State Statistics Service.

In order to implement the priority tasks, the Ukrainian side involves expert and financial assistance under the Twinning Project «Support to Development Process in the State Statistics Service of Ukraine with the Objective of Enhancing its Capacity and Production» (EU). The funding of the project is 1.5 mln EUR for the period from 18.11.2013 – 17.02.2016 and includes the cooperation in transport.

Cooperation in transport sector

Transport policy

- In order to approximate Ukrainian legislation to the EU law in the field of transport policy and infrastructure, the work is underway on the development of a draft Law of Ukraine «On Multimodal Transportation».

The draft law foresees to determine the legal and organizational framework for multimodal, or intermodal, combined, containerized transportation supply chains, determining the basic rights, duties and liability of all types of transport business entities involved in these shipments taking into account provisions of Council Directive 92/106/EEC on the establishment of common rules for certain types of combined transport of goods between the EU Member States.

Ukraine seeks to develop multimodal transportations, coordinating its policy and priorities with EU and offers to pay more attention to this issue during the meetings of the Eastern Partnership Transport Panel.

Marine transport

- In order to simplify the business environment in the ports of Ukraine:

  - The port operator was granted access to the pier, which is in operational control of Ukraine Seaports Administration (except the pier, which is used by port operator on the basis of lease, concession, joint venture agreement according to the legislation\(^{240}\);

  - The procedures of registration of vessels in seaports were simplified\(^ {241} \);

  - The procedures of obtaining the documents that are required for work on the lands of water fund were simplified\(^ {242} \);

  - A series of innovations that increase the attractiveness and transparency of seaports were launched. They include amendments to the Procedure of collecting port charges and estimating the port charges rates and to the Procedure of accounting and use of funds collected as the port charges\(^ {243} \).

\(^{240}\) Resolution of the Cabinet of Ministers of Ukraine № 483 dated July 7, 2015.


\(^{242}\) Resolution of the Cabinet of Ministers of Ukraine № 574 dated July 30, 2015.

\(^{243}\) Order of the Ministry of Infrastructure of Ukraine № 281 dated July 24, 2015.
The Procedure of registration of vessels entering the seaport, authorization for vessels ready for sea and processing vessels exit from the seaport was amended\textsuperscript{244}. Mentioned amended foresee:

- To reduce the number of unjustified delays in vessels entering the seaport and granting authorization for vessels to exit the seaport;
- To avoid double inspection in seaports of Ukraine of transit vessels going to the inland waterways of Ukraine and vessels that has received the permission to exit seaport of Ukraine.

Ukraine implements measures\textsuperscript{245} to ratify Maritime Labour Convention, 2006. Accession to the Convention will allow to:

- Remove barriers in employment of Ukrainian sailors;
- Create for Ukrainian sailors decent conditions of work, recreation and wage;
- All vessels flying the flag of Ukraine freely make a voyage all over the world;
- Avoid to charge fees for placement of sailors;
- Improve the standards of wages and social security of sailors on ships flying the flag of Ukraine;
- Encourage the development of shipbuilding.

The package of acts related to the ratification of the Convention has gone through the public discussion. Internal procedures of adjustment within executive power are in progress.

To implement the tasks envisaged by the priority, the Ukrainian Side attracts expert and financial assistance under the TRACECA project «Maritime Safety and Security II» (EU), funding of the project – under 3 mln EUR for the period: 16.01.2013 – 15.01.2016.

Waterway transport

- The draft Law of Ukraine "On inland waterway transport" is developed (reg. № 2475).

The draft law is aimed, in particular, at:

- Legal regulation of relations in the field of navigation on inland waterways, economic and institutional framework of inland waterway transport;
- Promotion of coastal infrastructure of inland waterway transport;
- Improvement of river engineering;
- Promotion of competitive services market and investment in inland waterway transport;
- Reorientation of cargo flow to environmental and economic river transport.

The draft law complies with the provisions of the Association Agreement with the EU and, and to the provisions of Directive 96/75 / EC on introducing a system of rotation chartering in inland waterway transport.

\textsuperscript{244} Order of the Ministry of Infrastructure of Ukraine № 387 September 25, 2015.

\textsuperscript{245} By now following legislation was drafted:
Law of Ukraine «On the ratification by Ukraine of Maritime Labour Convention, 2006»;
Law of Ukraine «On amendments to some legislative acts of Ukraine in connection with the accession to the International Labour Organisation Maritime Labour Convention, 2006»;
Regulation of the Cabinet of Ministers of Ukraine «On Approval of the Action Plan to ensure the process of Ukraine’s accession to the Maritime Labour Convention, 2006 and implementation of its provisions into national legislation of Ukraine». 
**Railway transport**

- To perform Ukraine’s obligation articles 367 and 368 of Association Agreement a new version of the draft Law of Ukraine «On the Railway Transport» has been developed (reg. № 3650).

It was developed with the support of the Twinning project «Institutional support to the Ministry of Infrastructure of Ukraine on improving efficiency and competitiveness of rail transport in Ukraine». The adoption of this law and regulations to this law will:

  - Create a new model of governance of railway transport;
  - Create an «infrastructure operator», which is responsible for its exploitation, modernization and development;
  - Ensure state regulation of tariffs for railway infrastructure as the monopoly part of the market;
  - Provide free tariff setting in the non-regulated state sector;
  - Ensure the transfer of railway tariffs regulation functions to independent regulator - the National Commission for Transport Regulation;
  - Introduce European model safety management system in railway enterprises.

- **Public joint stock company (PJSC) «Ukrainian Railways»** was established, 100% of shares of which are state property. PJSC «Ukrainian Railways» started operation on 1 December 2015.

Since the beginning of the economic activity of the company, more than 40 previously separate railway transportation enterprises and institutions will become affiliates and will work within the structure of PJSC "Ukrainian Railways". Ukrainian railroads will become regional branches.

Several stages of reforming the railway sector are envisaged. At the first stage, a transitional structure will operate, built along functional lines - the only joint stock company with activity-specific separate departments.

At the second stage, during 2016-2017, a full activity-specific separation of subsidiaries and dependent companies will be carried out.

Formation of the final structure of PJSC "Ukrainian Railways" is expected to be held in 2020. Establishment and effective functioning of PJSC «Ukrainian Railways» will facilitate the fulfilment of Ukraine's obligations under Article 368 of the Association Agreement and will ensure the separation of the functions of the state and economic management of the sector. It will become the precondition for structural reform that is aimed at creation of the vertically integrated management system in PJSC "Ukrainian Railways".

- **Technical regulation on safety of railway rolling stock is near is completed**.

The Regulation should define basic requirements for railway rolling stock and its components (which are used on the railways of general and common use with width of 1520 mm and speeds up to 200 km/h) in the design, manufacture, construction, installation, commissioning, exploitation and repair.

Technical regulations also foresee implementation of the Directive 2004/49/EC of the European

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246 Resolution of the Cabinet of Ministers of Ukraine № 200 from 2 September 2015
247 Approval by the Cabinet of Ministers is expected soon.

- The **Procedure of verification of tanks with hazardous cargo** was approved.\(^{248}\)

Mentioned document was developed according to the Directive 2008/68/EC of the European Parliament and of the Council on the inland transport of dangerous goods and international regulations on the transport of dangerous goods.

Mentioned order defines the procedure for the inspection and labelling of tank wagons, road-tankers, demountable tanks, tank containers, portable tanks, swap body tanks that are used for the transportation of liquid, powder and granular dangerous goods by road, rail, sea and river transport. Order also empowers entities to conduct inspections of tanks.

**Road transport**

- The **draft Law of Ukraine «On Bringing Ukrainian Road Transport Sector Legislation in Accordance with the European Union Acts»** has been developed (reg. № 3713).

The draft Law **foresees to implement the standards of fourteen acts of the EU legislation**, where the implementation period is from 1 to 5 years. During this period, more than forty national legislative acts must be developed, amended or cancelled. Provisions of the draft Law are aimed at:

  - Introduction of fair and transparent rules for admission of the transport market based on the requirements of good repute, financial state and professional competence;
  - Establishment of a system of a periodic safety verification of technical condition of the vehicle through verification procedures of roadworthiness of vehicles and increase responsibility for the accuracy of such inspections;
  - Equipment of vehicles with modern means of objective control, systems of active and passive safety (speed limiters, tachographs, seat belts, etc.);
  - Reduce corruption through more clearly defined norms of state regulation and division of responsibilities between the executive bodies;
  - Improvement of maintenance and repair of vehicles, the organization of technical service businesses;
  - Increase responsibility of transporters and drivers for illegal transportation service, introduction of the payable expropriation for the work without a license and/or permit;
  - Reform of the system of production and technical regulations in the sphere of vehicles and spare parts (according to the Agreement Concerning the Adoption of Uniform Technical Prescriptions for Wheeled Vehicles, Equipment, and Parts which can be Fitted and/or be used on Wheeled Vehicles and Conditions for Reciprocal Recognition of Approvals Granted on the Basis of these Prescriptions, done at Geneva on 20 March 1958 and consolidated Directive 2007/46/EC of the European Parliament and of the Council establishing a framework for the approval of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles.

\(^{248}\) Order of the Ministry of Infrastructure and the Ministry of Interior of Ukraine No. 166/550 dated May 12, 2015.
To implement the tasks provided for in this subsection, the Ukrainian Side involves expert and financial assistance within:

- Twinning project «Support to the Ministry of Infrastructure of Ukraine to strengthen safety standards for commercial road transport” (EU) funding - over 1.5 mln. Euro for the period 01.28.2015 - 27.01.2017;

**Common Aviation Area**

Preparations to sign the Common Aviation Area Agreement between the European Union and its Member States and Ukraine are underway.

To ensure the signature of the Agreement, a series of meetings were held with high-ranking EU officials, government officials and diplomats of the United Kingdom and Spain, during which the Ukrainian side declared readiness to sign an Agreement under any options of compromise between Britain and Spain concerning the territorial application of the Agreement in the part of Gibraltar.

European Commission expressed assurance in taking all possible measures to compromise the two concerned countries and the signing of the Common Aviation Area Agreement at the first favourable opportunity. Specifically, at the second meeting of the Association Council between Ukraine and the EU (7 December 2015) the EU renewed its commitment to the speedy signing of the Agreement.

The Ministry of Infrastructure is preparing an action plan aimed at introduction of a Common Aviation Area between Ukraine and the EU[^249], which foresees measures for adaptation of Ukrainian legislation to the EU legislation in the aviation sector.

- In order to expand cooperation with the European Aviation Safety Agency (EASA):
  - a working arrangement (by correspondence) was signed between EASA and the State Aviation Authority on participation of the State Aviation Authority in the EU SAFA program and the collection and exchange of information on safety of aircraft using EU airports and airports of countries outside the EU, including airports Ukraine[^250].
  - work on signing[^251] (by correspondence) of an updated version of the working arrangement between EASA and the State Aviation Authority on cooperation in the field of civil aviation security and participation of the State Aviation Authority in the relevant activities of EASA is underway.

**Postal services**


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[^249]: The draft decree of the Cabinet of Ministers of Ukraine on approval of action plan is currently at the stage of coordination with concerned bodies of executive power.
[^250]: Substitute for the version from 7 March 2007.
[^251]: Previous working arrangement was signed on 9 December 2009. On 24 November 2015, State Aviation Authority signed an updated Working arrangement and forwarded the documents to EASA.
[^252]: The draft law is at the stage of coordination between the central bodies of executive power.
On 11 November 2015 the first stage of corporatization\(^{253}\) of Ukrposhta was launched - the transformation of Ukrainian state enterprise of postal communication "Ukrposhta" to a public joint stock company.

The process of corporatization of the enterprise will take place in four phases: preparatory, inventory, property evaluation, which will be included in the share capital, and final.

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**Environment**

- Ukraine ratified the Agreement on Legal Status of the Regional Environmental Center for Central and Eastern Europe (REC)\(^{254}\).

REC\(^{255}\) assists its member states in addressing environmental issues by promoting cooperation among state bodies and non-governmental organisations as well as by supporting the free exchange of information and public participation in environmental decision-making. The Agreement establishes the acknowledgment by its parties the legal status of REC as an international organisation with relevant international legal personality.

It was approved a new composition of the governmental delegation of Ukraine for participation in negotiations with REC concerning conclusion of the Agreement between the Government of Ukraine and REC on opening its representative office\(^{256}\).

- Ukraine ratified the Protocol on Strategic Environmental Assessment to the Convention on the assessment of the environmental impact in a transboundary context\(^{257}\).

Ratification of the Protocol foresees the planning of the social development and economic activity, taking into account the priority of impact factors on the environment, environmental management and ecosystems sustainability within the strategic decision-making (The Protocol reflects the approach adopted at EU level and assigned in the Directive 2001/42/EC).

- On 3 February 2015 the Verkhovna Rada ratified the Kyiv Protocol to the Aarhus Convention, which obliges Ukraine to establish the European monitoring system of environmental pollution\(^{258}\).

According to provisions of the Aarhus Convention and the Kyiv Protocol to it information on the state of the environment and sources of emissions has to be made public.

The Kyiv Protocol obliges to implement the national public electronic system of registers of polluting substances emissions and further joining the European system E-PRTR.

An opened register will assist usual Ukrainians to monitor emissions of all enterprises which pollute the environment in their regions and accordingly to demand the limitation of these emissions to the alarm level.

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\(^{253}\) According to the order of the Ministry for Economic Development and Trade from 7 September 2015 № 1108.

\(^{254}\) The Law of Ukraine № 599-VIII. Ukraine joined REC for Central and Eastern Europe in 2012.

\(^{255}\)REC is legally based on a charter with over 30 signatories. The head office of REC is located in Szentendre (Hungary), regional offices function in 17 countries (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, the former Yugoslav Republic of Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia, Turkey).

\(^{256}\) Decree of the Cabinet of Ministers of Ukraine 16 December 2015 N 1335.

\(^{257}\) The Law of Ukraine № 562-VIII.

\(^{258}\) Draft Law on ratification of the Protocol on registers of emissions and removing of pollutants (N 0078 of 12 January 2016).
In order to implement the Aarhus Convention and the Espoo Convention and to bring national legislation in line with the Directive 2011/92 /EU on the assessment of the effects of certain public and private projects on the environment the draft Law of Ukraine «On Environmental Impact Assessment» was developed.

The draft Law establishes the legal and organizational basis of environmental impact assessment, which aimed on environmental damage prevention and preservation, environmental security, rational use and restoration of natural resources within the decision-making on the economic activities, that can have a significant impact on the environment, taking into account the state, public and private interests.

According to the model, proposed in the draft law, assessment of environmental impact will include:

- Preparation of Reports on assessment of environmental impact;
- Organization of public discussion;
- Competent authority analysis of the information provided in the report on assessment of environmental impact, and information received during the public discussion;
- Competent authority will provide the reasoned decision on the assessment of environmental impact, based on the results of this analysis. Mentioned decision is to be considered in the permit for the beginning of the planned activity (final decision).

It will allow estimating environmental effects of the planed activity at an early stage, namely before the beginning of this activity. In addition, the draft law will provide:

- Procedure of timely, adequate and effective public awareness raising on the issue of environmental impact;
- Free public access to all information concerning the planned activities;
- The procedure of public discussion;
- Access to the Internet based Unified Register of environmental impact assessment.

In parallel, identical draft Law of Ukraine «On Environmental Impact Assessment» was registered by the group of MP in the Verkhovna Rada of Ukraine (reg. № 2009а). Ministry of Ecology and Natural Resources of Ukraine and Government Office for European integration support the draft Law. The draft Law will be provided in the Verkhovna Rada of Ukraine.

In order to implement Directive 2001/42/EC of the European Parliament and of the Council on the assessment of the effects of certain plans and programmes on the environment and Directive 2003/35/EC of the European Parliament and of the Council providing for public participation in respect of the drawing up of certain plans and programmes relating to the environment, a draft law of Ukraine «On strategic environmental assessment» was drafted. The draft law establishes:

- Environment consequences assessment procedure of implementation of State plans, including public health, and development of measures for prevention of possible negative consequences;
- Mechanism for transborder consultations;
- Procedure of providing information about the decision made and information about monitoring of environmental impact of the State plan.
The draft law went through public discussion and now was sent for approval to the central executive bodies.

However, a group of MP in the Verkhovna Rada of Ukraine have registered identical draft law «On strategic environmental assessment» (reg. № 3259). Ministry of Ecology and Natural Resources of Ukraine and Government Office for European integration support the draft law. The draft law will be provided in the Verkhovna Rada of Ukraine.

➢ Intended Nationally Determined Contribution of Ukraine to a New Global Climate Agreement was approved259. The document foresees that by 2030 greenhouse gas emission in Ukraine will not exceed 60 % the 1990 emission level.

The mentioned contribution will be revised after the restoration of the territorial integrity and sovereignty of the state and adoption of Socio-economic development strategies for the period after 2020 (level of attracted investments will be taken into account).

➢ The draft Law of Ukraine “On amendments to certain legal acts of Ukraine concerning implementation of integrated approaches of water resources management under the watershed principle” (N 3603) was elaborated by the group of MPs in the Verkhovna Rada of Ukraine. Ministry of ecology supports this draft law, it is ensured it support in the Verkhovna Rada.

The draft law directed to implementation of the integrated water resources management under the watershed principle. Such approach to water resource management is envisaged by the EU Water Framework Directive.

➢ In order to create the scheme for greenhouse gas emission allowance trading in Ukraine (ETSU) the Implementation concept of trade in allowance units of greenhouse gas emissions in Ukraine was developed in accordance to the Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowance trading within the Community. The Concept reflects the vision concerning:

- Principles and ways of implementing ETSU;
- Improvement of the legislative framework and institutional organization of relevant activity;
- Procedure for distribution of allowance units for greenhouse gases;
- Expected results and the amount of required resources.

It is assumed that prior to the operational start of ETSU, legal transposition of provision of Directive 2003/87/EC and implementation of its provisions in terms of issuing specific (environmental) permits for greenhouse gas emissions should be made.

Adoption of a separate basic law of Ukraine on the regulation of greenhouse gas emissions from stationary sources and trade in allowance units of greenhouse gas emissions, must come as the first step in the formation of national legislation in this sphere (which will be in compliance with the provisions of Directive 2003/87/EC)

The Concept was approved by the decision of the Working Group under the Ministry of Ecology and Natural Resources of Ukraine on the introduction of trade in allowance units of greenhouse gas emissions in Ukraine and is placed on the official website of the Ministry.

The Concept is currently being finalized on the basis of received proposals. Mentioned basic law is being developed in parallel.

259 Resolution of the Cabinet of Ministers of Ukraine № 980 dated September 16, 2015.
Draft National Action Plan on environmental protection for 2016-2020 and indicators of assessment of realization of the State Ecological Policy Strategy were elaborated. Experts of the project of the EU technical assistance “Complementary support to the Ministry of ecology and natural resources of Ukraine for the sector budget support implementation” took part in the elaboration of the draft National Action Plan.

To implement the tasks envisaged by the priority, the Ukrainian side attracts expert and financial assistance under the projects:

- «Sustainable management of natural resources in the area between the rivers Tisza and Tur» (EU). The funding of the project is more than 868 thousand EUR for the period: 01.11.2012-31.12.2015;
- «Training of joint Ukrainian-Hungarian comprehensive program to reduce flood levels and floodplains update of Verhne-Tysayskoyi area of Vyshkovo-Vasharoshnamen» (EU). The funding of the project is 1.5 mln EUR for the period: 28.08.2012-27.12.2015;
- «Prevention and protection against flooding in the upper basins of the rivers Siret, Prut through the introduction of a modern system of automatic monitoring stations - EAST AVERT» (EU). The funding of the project is 9.2 mln EUR for the period: 29.11.2013-31.12.2015;
- «Restore the main waterway E-40 at the site of the Dnieper-Wisla, from strategy to planning» (EU). The funding of the project is 912.6 thousand EUR for the period: 01.12.2013-31.11.2015;
- «Restore melioration network to promote economic growth in rural areas of Volyn region» (EU). The funding of the project is about 1.5 mln EUR for the period 11.09.2014-11.09.2016;

Education

In the framework of reforming the system of higher education:

- Mandatory form for higher education was cancelled (degrees), it is envisaged that the documents shall include the information list\(^\text{260}\). Such approach is in compliance with the European practice;

Besides, diploma supplement of European standard was approved which is produced according to the form set up by the European Credit Transfer and Accumulation System, the Council of Europe and UNESCO/CEPES. The aim of this form is to increase transparency and fair approach in recognizing the academic and professional qualifications. Diploma supplement of European standard clearly defines the education system in English.

\(^{260}\) Resolution of the Cabinet of Ministers of Ukraine of 31 March 2015 № 193.
National Agency for Quality Assurance in Higher Education was established\textsuperscript{261};

The Agency is an independent collective body, which will develop the requirements for the quality assurance in higher education system, analyse the quality of educational activity of institutions of higher education, and shape the quality assessment criteria of educational activity. Establishment of the Agency is a step to decentralization and deregulation of high education sphere in accordance with the best European practices.

European principles of forming the state educational standards were introduced\textsuperscript{262};

The standards formerly provided for the subject list, amount of hours within it, concrete topics necessary for lecturing. The approved amendments provide for the standards including only the categories of final competencies required for a graduating student and the framework items (total training period, final certification etc.) that will encourage the introduction of the European principle of academic autonomy of educational institutions.

Mandatory working off norm for graduates and reimbursement of their tuition was abolished (except those enrolled in the specialties of medical profile)\textsuperscript{263};

New orders for the recognition of high education degrees attained in foreign higher educational institutions and recognition in Ukraine the certificates of secondary, vocational, professional education of foreign educational institutions were approved\textsuperscript{264};

The recognition in Ukraine of foreign certificates of education now is in full compliance with the Convention on the Recognition of Qualifications Concerning Higher Education in the European Region and recommendations of this Convention. Among the main introductions in the recognition process are the following:

- Authorizing the higher educational institutions of Ukraine to carry out the procedure of recognition;
- Applying the simplified procedure of recognition for several categories of foreign educational certificates;
- Applying the method of qualification assessment and determining the equivalence by comparing the international and national qualification framework;
- Higher educational institution determines itself allowable volume of differences in academic programs defined by a comparative analysis of the curriculum content.

New orders entered into force from 26 June 2015.

Procedure ensuring the financial autonomy of institutions of higher and vocational education was regulated\textsuperscript{265};

Educational institutions are authorized to spend funds to support the educative process or update the material and technical base without the consent of the State Treasury. The universities can henceforth decide themselves where first and foremost to direct the funds after receiving the state financing or money for paid services.

Besides, from January 2016 the Ukrainian educational institutions will acquire a right to place funds received for paid services on deposit accounts of state banks. This will provide an

\textsuperscript{261} Resolution of the Cabinet of Ministers of Ukraine of 15 April 2015 № 244.

\textsuperscript{262} Resolution of the Cabinet of Ministers of Ukraine of 15 April 2015 № 229.

\textsuperscript{263} Resolution of the Cabinet of Ministers of Ukraine of 15 April 2015 № 216.

\textsuperscript{264} Order of the Ministry of Education and Science of 5 May 2015 № 504.

\textsuperscript{265} Resolution of the Cabinet of Ministers of Ukraine of 26 August 2015 № 657.
opportunity to create special money funds and spend interest received for educational activity. Such practice is important for financial autonomy of educational institutions.

- **Procedure of reimbursement of state budget funds when transferring a student to study in another educational institution was regulated**\(^{266}\);

  Calculation of the funds to be reimbursed is monitored clearly according to the government resolution formula. The amount to be reimbursed may be restructured at the request of the student; the first payment shall be at least half the amount of compensation.

Moreover, the students are guaranteed the right to retake into consideration, upon new place of study, the previous subjects and credits of the European Credit Transfer and Accumulation System (ECTS).

- **Procedure for exercising the right of the educational process participants to learn, teach, train or conduct research activities in another higher education institution (scientific establishment) in Ukraine or abroad was regulated**\(^{267}\);

  Procedure for exercising the right to participate in the academic mobility programs by all the participants of educational process was regulated, in particular:

  - Kinds and forms of academic mobility have been clearly determined;
  - Mechanism of considering the acquired credits on the basis of the ECTS by comparing the curriculum content regardless of the name of courses has been stipulated;
  - Social guarantees for the participants of academic mobility programs have been determined (grant/wage payment, preservation of study/ work place);
  - Transfer procedure for higher education applicants, studying at budget (local) costs, from one institution of higher education to another to complete studying has been regulated;
  - The list of disciplines and specialties for training the higher education applicants has been approximated to the International Standard Classification of Education (ISCED)\(^{268}\)

  ➢ Work at the **Roadmap for Education Reform** is being continued.

The Roadmap for Education Reform, which was elaborated with expert participation, sets up the concrete detailed measures and establishes timeframe for reforming the educational system in Ukraine until 2025.

  ➢ A new draft law “On education” has been developed.

  Among the main tasks of the draft Law are:

  - creating conditions for education entities throughout life (introduction of such types of education formal, non-formal and informal);
  - creating conditions of education available for everyone, including those with special educational needs, taking into account the introduction of inclusive education in educational institutions of different types and forms of ownership;
  - ensuring decentralization of the education system management and clear distribution of authority between the executive and local authorities;

\(^{266}\) Resolution of the Cabinet of Ministers of Ukraine of 26 August 2015 № 658.

\(^{267}\) Resolution of the Cabinet of Ministers of Ukraine of 12 August 2015 № 579.

\(^{268}\) Order of the Ministry of Education and Science of 6 November 2015 № 1151.
- ensuring free pre-school, complete general secondary education in state and communal educational establishments;
- developing and supporting profile education;
- updating the system of retraining, advanced training and study course for educational, research and educational employees and leaders of educational establishments;

➢ The Association Agreement stipulates for cooperation of the sides in the sphere of non-formal education.

With the purpose of introducing the relevant legislative regulation of non-formal education into the Ukrainian legislation a draft Law of Ukraine «On Amendments to Certain Laws of Ukraine (on the recognition of non-formal education)» was registered (reg. № 2121).

The draft Law provides for the recognition of non-formal and informal education (self-organized, self-education) as varieties of education in Ukraine, recognition of non-formal education acquired by the volunteers in organizations and institutions and securing of the volunteers’ right for consideration of the fact of obtaining non-formal education when becoming a civil servant.

To implement the tasks envisaged by this subsection, the Ukrainian Side attracts expert and financial aid within the framework of the Support to Decentralization in Ukraine Project (Sweden), financing – SEK 31.7 mln for the period 08.09.2014-31.12.2017.

Stirring up students and teachers mobility, participation in Erasmus+ Programme

According to the results of the Erasmus+ selection competition (Key Action 1: Higher education student and staff mobility) 1388 Ukrainian students will take advantage of the possibilities of academic mobility and study under the short-term exchange programs in the EU universities. The most popular country of destination is Poland.

Among the Eastern Partnership states, Ukraine has received the largest share of grants to participate in mobility programs – 48% of the total funding which is almost EUR 6.5 mln.

Totally 127 institutions of higher education of Ukraine participate in academic mobility under the Erasmus+ Programme.

Cooperation on Youth Policy

➢ The Concept of the State Targeted Social Program “Youth of Ukraine” for 2016-2020269 has been approved.

According to the provisions of the Association Agreement concerning the youth policy, the priorities of the State Target Social Program “Youth of Ukraine” the Concept includes, in particular:

- formation of public attitude;
- healthy and safe lifestyle;
- development of non-formal education;
- youth employment.

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269 Resolution of the Cabinet of Ministers of Ukraine of 30 September 2015 № 1018-p.
Besides, the Program stipulates the partnership support to the youth residing in the temporarily occupied territory of Ukraine, and internally displaced persons as a priority.

The draft State Target Social Program “Youth of Ukraine” for 2016-2020 has been submitted for approval to the concerned executive agencies and academic institutions.

Taking into consideration the Council Recommendation on the validation of non-formal and informal learning\(^\text{270}\), in cooperation with the United Nations Development Programme in Ukraine an education program “Youth employee” has been developed and is being implemented as well as multimedia remote online course “Youth employee”.

The platform of the “Youth employee” course gives an opportunity to go online training program on such basic training modules:

- the essence of youth policy, content and organization of youth;
- social order, project contest and other funding mechanisms from state budget. Partnership between state and non-state organizations;
- project management;
- personal competence of youth employee.

➢ In the framework of the «Youth in Action» Programme the European Commission has allocated extra funding for the support of the Eastern Partnership states cooperation in 2016 in the form of initiatives «The Eastern Partnership Youth Window».

«The Window» will give six Eastern Partnership participant-states a chance, in particular for Ukraine, to attract extra funding aimed at supporting the youth measures and projects and to apply for implementation of such projects directly in the Eastern Partnership states.

➢ Amendments to the legislation on improvement of separate provisions of the youth policy and establishment of youth centers have been drafted (reg. № 1248)\(^\text{271}\).

The draft Law provides for the creation of youth centers in the cities, towns and villages, determination of extra powers for their financing by local authorities.

Creation of such centers will enable the youth leaders in cooperation with public authorities, institutions, public association, charity organizations to fulfill the information-resources provision of the state youth policy implementation.

### Cooperation on science and technology

➢ The Agreement (in form of exchange of notes) between Ukraine and the European Union on the renewal of the Agreement between Ukraine and the EU on scientific and technological cooperation was ratified\(^\text{272}\).

The Agreement establishes a legal framework and defines the major principles, areas and forms of Ukraine-EU cooperation in the field of scientific and technological research. To ensure coordination and promote of cooperation in the framework of the Agreement acts a joint committee.

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\(^\text{270}\) Council Recommendation of 20 December 2012 on the validation of non-formal and informal learning, 2012/C 398/01

\(^\text{271}\) On 26 November 2016, the draft Law has been adopted in the first reading.

\(^\text{272}\) Law of Ukraine № 602-VIII. The Agreement is validated by an exchange of notes of 3 March 2015.
The Agreement between Ukraine and the EU on Ukraine’s participation in the EU Program «Horizon 2020» – Framework Program on Research and Innovation (2014-2020)\(^{273}\) was ratified.

The main priorities of the Programme «Horizon 2020» are:

- Promotion to fundamental scientific research;
- Increasing the competitiveness of the industry sector;
- Development of ICT, nanotechnologies, new materials science, biotechnologies and space industry;
- Solution of the most pressing social challenges in health, ecology and demography.

The total amount of funding for research and innovation in the framework of the Programme is about 80 bln EUR.

Associated participating in the program will expand opportunities for participation of Ukrainian scientists, universities, research organizations in joint European researches.

On 13 October 2015, the European Commission approved topics and tender procedure of the EU Programme "Horizon 2020" for the years 2016-2017 with a budget of 16 billion EUR. The funds will be allocated over two years through calls for proposals, tenders, awards, and other funding instruments that totally cover over 600 topics. The relevant calls for 2016 started.

On the outcomes of the EU Programme "Horizon 2020" contests, which took place during 2014-2015, 187 participants from Ukraine applied for grants in 2014, 26 of them (14%) have obtained grants with total budget of 2 818 805 EUR according to the signed grant agreements. 259 participants submitted project applications from Ukraine in 2015. 29 applications (11%) have received preliminary confirmation of the opportunity to finance the research projects. The total budget of confirmed projects is 3 570 018 EUR.

- In order to raise awareness about the EU Programme “Horizon 2020” contact points of the Programme at higher educational establishments, scientific institutions, enterprises and public organizations were created.

The work on the establishment of the Coordination Council on the Programme implementation is being continued.

- In order to improve legislation in the field of scientific and technical activities, its approximation to the principles governing this area in the EU Member States, a new edition of the Law of Ukraine «On scientific and scientific-technical activity» was adopted\(^ {274}\).

The Law is aimed at:

- Introduction of new organizational forms and infrastructure of scientific and technical activities;
- Ensuring the efficiency and transparency of scientific researches (developments) and their financing;
- Increasing efficiency of interaction between members of the scientific community, governmental agencies and the real economy in the formation and implementation of joint state policy in the field of scientific and technical activities;

\(^{273}\) Law of Ukraine № 604-VIII. Agreement signed on 20 March 2015.

\(^{274}\) Law of Ukraine № 848-VIII.
- Establishment of common legal principles for the commercialization of results in basic researches, applied researches, scientific and technical (experimental) developments carried out by public research institutions.
  - Consultations on Ukraine's associated participation in research and training programs of Euratom is being continued.
The Ukrainian Side is studying the draft Agreement, elaborated by the EU Side.
  - Mandatory sale of foreign currency by projects under the agreements on Ukraine's participation in international programs of the EU were cancelled275. From now, the requirement for mandatory sale of foreign exchange earnings in the interbank market does not apply to projects that are carried out based on agreements on Ukraine's participation in international programs of the EU. In addition, this no longer applies to grants of legal entities-residents received from international financial institutions.

**Cooperation on space matters**

- Due to the setting up of cooperation with the Joint Research Centre of the European Commission since October 2015 imaging of Ukraine's landscape using the spacecraft Earth remote sensing Sentinel has been started.
The data of satellites processed by the National center for control and testing of space means of Ukraine are used for surveillance of land, quality of crops, weather forecasting including humidification and prevention of natural disasters.
  - In the framework of Ukraine's participation in manufacturing and “Vega” missile launch ordered by the Italian Avio S.p.A. company, nine sets of rocket engines D-868R have been manufactured (among 16 scheduled).

To implement the tasks of this subsection, the Ukrainian Side attracts expert and financial aid of the “UKRAINE” Project (financed by the Global Navigation Satellite Systems under the EU Programme “Horizon 2020”).

**Social policy**

- Introduction of the reform of the social insurance system276, according to which:
  - The social insurance system is exempted from non-core payments and functions what allowed to save about 1,8 bln UAH in 2015;
  - Method of determination of the amount of insurance payouts has been improved in order to strengthen the economic feasibility and to avoid abuses when identifying the degree of work disability;
  - Rights of insured persons, who moved from the temporarily occupied territory or regions of the antiterrorist operations, to obtain material security and social services at the place of their actual residence has been preserved;

275 Resolution of the National Bank of Ukraine of October 22, 2015 № 718 «On Amendments to Resolution of the Board of the National Bank of Ukraine of 3 September 2015 № 581».
Rate of a single social payment for the employer to the Payroll Fund in order to legalize salaries has been lowered;
The Social insurance fund of Ukraine has been established by merging Social Insurance Fund against accidents at work and occupational diseases that caused disability of Ukraine and Social insurance fund on temporary disability.

- Legislation to ensure the functioning of the newly established Social Insurance Fund of Ukraine has been adopted\(^{277}\).
- The law aims to provide the procedure of reorganization of social insurance funds by merging them, as well as by reassuring the constant insurance payments, providing material support and social services during the reorganization. Convention of the International Labour Organization concerning basic aims and standards of social policy № 117\(^{278}\), which improve standards of living regarded as the principal objective in the planning of economic development has been ratified by Ukraine.

In particular, the Convention provides measures at the international, regional and national levels to promote improvement in such fields as public health, housing, nutrition, education, the welfare of children, the status of women, conditions of employment, improvement the living conditions in rural areas, the protection of migrant workers, social security etc.

The Convention also foresees abolition of discrimination on grounds of race, colour, sex, religion, nationality or union membership.

- To improve the mechanisms of state regulation of external labour migration sphere in accordance with the modern requirements of social and economic development of the country, and with purpose of approximation of the Ukrainian migratory legislation to the international law, the Law of Ukraine «On external labour migration» has been passed by the Verkhovna Rada of Ukraine\(^{279}\).
- A new version of the Law of Ukraine "On Social Services" has been developed (reg. № 3143).

The draft law is aimed to improving legislation regarding the administration of social services, raising the status of social workers and other professionals providing social services to protect the rights of people receiving social services, empowerment of local executive authorities and local governments on the organization of social services domiciliary by persons receiving such services.

It is also proposed to amend eight laws of Ukraine in accordance with the terminological harmonization of provisions of the new Law of Ukraine "On Social Services".

- The implementation of standardization of social services continues under the reform process of social service system.
- During 2015 in accordance with orders of the Ministry of Social Policy, the following documents have been approved:
  - The State living standard for homeless persons;
  - The State standard of social adaptation;
  - The State standard of social services counseling;
  - The State standard of social prevention services.

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\(^{277}\) The Law of Ukraine № 736-VIII.  
\(^{278}\) The Law of Ukraine № 692-VIII.  
\(^{279}\) The Law of Ukraine № 761-VIII.
The project of a conceptually new Labor Code of Ukraine has been developed (№ 1658) in order to bring national labor law in accordance with international standards. The draft Code defines the basic principles and mechanisms of implementation of the labor law and guarantees of workers provided by the Constitution of Ukraine, creations of appropriate working conditions and ensuring protection of interests of workers and employers in the market economy conditions. Provisions of the draft Code meet standards of the European Union, in particular provisions of the European Social Charter (Revised).

The draft of Ukraine (reg. № 2767), which foresees systematization of conditions for pension’s obtainment, was submitted to the Verkhovna Rada of Ukraine. The draft Law encloses conditions which are currently dispersed in more than 20 laws, and purposes to regulate the obtainment of pension of all types by one general law as well as to abolish the special pensions, to introduce the accumulative system of pension insurance of the second level and to improve the functioning of solidarity system

Amendments to the legislation on employment of disabled people (reg. № 2322a), provided:
  - Introducing incentive mechanisms for employers with the purpose of employment of people with disabilities;
  - Providing subsidies to employers to create general jobs for people with disabilities (not only the creation of special jobs as provided by current legislation);
  - Providing compensation to the employers associated with payment of a single fee for obligatory state social insurance for workers with disabilities.

The adoption the draft Law will allow persons with disability to exercise their right to work according to the United Nations Convention on the Rights of Persons with Disabilities and the Convention of the International Labour Organization in 1983 on professional rehabilitation and employment of disabled people № 159.

Amendments to the Article 31 of the Law of Ukraine "On Employment" have been developed (reg. № 3566).

The draft Act is developed to implement Council Directive 91/383/EEC supplementing the measures to encourage improvements in the safety and health at work of workers with a fixed-duration employment relationship or a temporary employment relationship.

The draft law envisages supplementing Article 31 of the Law of Ukraine "On Employment" the new norm, according to which the public work does not tasks-related to health and life risks.

Industry and entrepreneurship

The Moratorium on inspections by regulatory authorities of enterprises, institutions and organizations, individual entrepreneurs with income up to 20 mln UAH to the previous calendar year has been prolonged before the end of 2016. Currently, the inspections are possible:
  - Upon authorization of the Cabinet of Ministers of Ukraine;
  - Upon the application of the entity;
  - In the order, specified by the Criminal Procedure Code of Ukraine.

The draft Labor Code has been adopted on first reading on November 5, 2015.
In January 13, 2016 the Cabinet of Ministers of Ukraine took decision on signing the Agreement with the EU on participation of Ukraine in the Programme for “The Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020 )”.

Ukraine's accession to the Program will contribute to:

- development of Ukrainian business environment, analytical and advisory services related to export and import activities of enterprises;
- the expansion of trade and economic relations;
- adaptation of Ukrainian legislation in the sphere of small and medium enterprises to the European standards;
- creating of conditions for promotion of the entrepreneurship and formation of business culture.

The Program provides for the participation of Ukraine in the following components of the Program:

- improvement of SMEs' access to markets.

It consists in obtaining analytical and advisory services related to the accompaniment of export-import activities of the enterprises as well as their internationalization and expansion of trade and economic relations;

- improvement of regulatory environment for SMEs functioning.

The direction is aimed at implementation of the Act of Small Business for Europe (Small Business Act for Europe) in third countries, provision of network of SME Envoys, as well as the participation of third countries in their work, creation of sectoral working groups in order to exchange experiences between representatives of the relevant government bodies;

- creating a culture of doing business.

It will be realized in the form of educational programs (including use of funds under the Program "Erasmus for Entrepreneurs"), sectoral workshops, seminars, exchange programs, internships.

Drafting of the Strategy of development of small and medium enterprises for the period until 2020 continues.

For the purpose of assignments, envisaged priority, Ukrainian Party involves expert and financial assistance within the following projects:

- «Leadership in economic governance (LEV)» (USA). The funding of the project is 5 mln USD for the period: 19.12.2014 - 12.18.2019;
- «Strengthening SME Business Membership Organizations». (UNDP), financing: 1.054 mln $ for the period from 08.27.2015 – until 09.30.2018;
- «Partnership for Innovation project «Development of Family Farms United in Agricultural Services Cooperatives» (USA). The funding of the project is – 1.36 mln USD for the period: 01.07.2015 - 07.31.2017;
- «Development silos and Agricultural Cooperatives in Ukraine» (Canada). The funding of the project is 13.3 mln CAD for the period: 26.03.2013-28.02.2018;
- «Ukrainian project business Horticulture Development» (Canada). The funding of the project is 19.3 mln CAD for the period: 08.07.2014 - 03.31.2021;
- «The development of the dairy business in Ukraine» (Canada). The funding of the project is 19.7 mln CAD for the period: 01.04.2014-31.03.2021.
The transparency of activity of financial market participants has been strengthened by means of disclosure of information on their activities in the public database of State Commission for Regulation of Financial Services Markets of Ukraine and on license holders’ websites on the Internet\textsuperscript{281}.

The Comprehensive Program for the Development of the Financial Sector of Ukraine until 2020 has been adopted\textsuperscript{282}

The Program is a comprehensive document, which sets objectives of the financial sector reforms and provides for the implementation of normative measures and measures on implementation of EU legal acts defined in the Association Agreement. Having regard to the above, the Program can serve as a roadmap for the implementation of Ukraine’s obligations resulting from the Agreement.

The Comprehensive Program is also coordinated with the EU side as a document, envisaged by the Annex XVII to the Association Agreement and aimed at the organization of the process of legislative approximation to the EU law in the sphere of financial services.

Pursuant to the Comprehensive Program for the Development of the Financial Sector of Ukraine until 2020, the National Committee on State Regulation of the Financial Services Market together with the National Bank of Ukraine and the National Committee on Securities and Fund Market have developed legislative proposals\textsuperscript{283} aimed at promotion of the regulators’ institutional capacity in consolidating the functions of regulation of, and supervision over, the financial services market:

- Draft Law of Ukraine "On amendments to some legislative acts of Ukraine to consolidate the functions of state regulation of the financial services market" (reg. № 2413);
- Draft Law of Ukraine "On Amendments to the Tax Code of Ukraine to consolidate the functions of state regulation of the financial services market" (reg. № 2414).

The draft laws provide for the distribution of functions between the National Committee on State Regulation of the Financial Services and other bodies carrying out state regulation of the financial services markets. The President of Ukraine has defined the draft laws as urgent.

In addition, the following draft laws\textsuperscript{284} have been submitted for consideration to the Verkhovna Rada of Ukraine:

- Draft Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine (regarding the regulated markets and derivatives)" (reg. № 3498);
- Draft Law of Ukraine "On Amendments to the Tax Code of Ukraine (concerning regulated markets and derivatives)" (reg. № 3499);

\textsuperscript{281} The issue has been regulated by the Law of Ukraine «On Amendments to the Law of Ukraine «On Financial Services and State Regulation of Financial Services» (№ 123-VIII)

\textsuperscript{282} approved by the National Council of Reform of Ukraine, Board of the National Bank of Ukraine, National Securities and Stock Market Commission, National Commission for State Regulation of Financial Services Markets

\textsuperscript{283} Comprehensive analysis of the draft laws’ compliance with the Association Agreement and the EU law is in progress.

\textsuperscript{284} Comprehensive analysis of the draft laws’ compliance with the Association Agreement and the EU law is in progress.
Draft Law of Ukraine "On Amendments to the Budget Code of Ukraine (concerning regulated markets and derivatives)" (reg. № 3500);

The draft laws are aimed at creating preconditions for improving the efficiency and functionality of the derivatives market and other regulated markets in Ukraine.

For the purpose of assignments, envisaged priority, Ukrainian Party involves expert and financial assistance within the following projects:

- «The Financial Sector Development Program» (FINREP II) (USA). The funding of the project is 12.4 mln USD for the period: 01.10.2012-30.09.2017;
- «Technical assistance in the financial sector's priority area» (EU). The funding of the project is 3.36 mln EUR for the period: 27.03.2015-26.03.2018.

Public health

➢ In order to create legal framework for healthcare reform, on 7 July 2015 the following draft Laws of Ukraine were submitted to the Parliament of Ukraine:

- «On amendments of certain legislative acts of Ukraine relating to improvement of healthcare legislation» (reg. № 2309a);
- «On amendment to subsection 4 of section XX «Transitional Provisions» of the Tax Code of Ukraine relating to improvement of healthcare legislation» (reg. № 2310a);
- «On amendments to the Budget Code of Ukraine relating to improvement of healthcare legislation» (reg. № 2311a).

The draft laws envisage in particular:

- Change of organizational and legal status of healthcare facilities and their financing;
- Creation of a network of state and communal healthcare facilities with a sufficient level of independence;
- Introduction of contract relations between a customer and a provider of healthcare services.

➢ The center of public health has been established

Public institution "Center of public health of the Ministry of Health of Ukraine" is a scientific and practical institution of the medical profile of the Ministry of Health of Ukraine which performs the function of ensuring the preservation and strengthening of health, carrying out socially-hygienic monitoring of diseases, epidemiological surveillance and biological safety, prevention of citizens' morbidity, fight against epidemics, strategic management of public health.

The Center is the main research and scientific-methodical institution of the Ministry of Health of Ukraine in the field of combating dangerous particularly dangerous (I-II groups of pathogenicity) and new infectious diseases, bio-safety and bio-security, the problems of the epidemiology of tuberculosis, problems of especially dangerous infectious diseases rickettsial, arboviral and other etiologies and infectious diseases managed by means of specific prevention – diphtheria, tetanus, measles, rubella, polio, diagnosis of influenza, anthrax, tularemia, listeriosis, meningitis,

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285 Public institution has been established in accordance with the order of the Cabinet of Ministers of Ukraine of 2 September 2015 № 909-p and the order of the Ministry of Health of Ukraine of 18 September 2015 № 604
erysipeloid, hygienic and microbiological problems of human health related to the environment.

In order to implement the tasks envisaged by the priority, the Ukrainian side draws on expert and financial support of the following projects:

- «Consulting on HIV/AIDS and support of institutions» (FRG). The funding of the project is 3.5 mln EUR for the period: 01.11.2013 – 31.12.2015;
- «Mother and child health program» (Swiss Confederation). The funding of the project is 6.235 mln Swiss francs for the period: 04.05.2015 – 31.12.2015;
- «Strengthening of control over tuberculosis in Ukraine» (USA). The funding of the project is 17.863 mln USD for the period: 04.02.2012 – 01.04.2017;
- «Involving of local organizations into the monitoring and evaluation of response to HIV/AIDS epidemic» (USA). The funding of the project is 7.499 mln USD for the period: 30.09.2012 – 31.03.2018;
- «Access of communities to HIV care and treatment services through strengthening of healthcare systems (ACCESS)» (USA). The funding of the project is 4.436 mln USD for the period: 30.09.2012 – 31.03.2018;
- «Systems of enhanced access to medicines and pharmaceutical services» (USA). The funding of the project is 8 mln USD for the period: 01.10.2012 – 22.09.2016;
- «Strengthening of healthcare system in order to ensure sustainable response to socially hazardous illnesses» (USA). The funding of the project is 17.997 mln USD for the period 01.10.2013 – 30.09.2018.

Culture

The Agreement between Ukraine and the European Commission on the participation of Ukraine in the EU programme «Creative Europe» has been signed, which is the European Union programme for support to the culture and creativity, and for cooperation between Ukraine and the European Union in sub-programme "Media", part of the programme "Creative Europe". The EU programme «Creative Europe» aims to promote creative development, implementation of diverse cultural projects and cooperation in the field of media and film industry etc. (approximate total amount of funding of the programme with a budget of 1.46 bln EUR).

The programme consists of two sub-programmes "Culture" and "Media" and provides financial assistance to support the projects (in the form of grants for co-financing) in certain sectors or activities.

For the purpose of implementation of the Agreement, Ukraine will assign a coordinating body, which will carry out functions of National Bureau of the Programme.

During the first year of participation in the EU programme "Creative Europe", it is foreseen favourable conditions for Ukraine, including a symbolic payment in the amount of 1 euro. Subsequently, the size of the further annual contribution will be formed in accordance with the agreed arrangements and the method of calculating contributions for third countries.

More detailed information about the EU program "Creative Europe" is available on the website of the Ministry of culture of Ukraine.

On 3 February 2016 the Verkhovna Rada of Ukraine ratified the Agreement on the participation of Ukraine in the EU "Creative Europe".

286 The Agreement has been signed on 19 November 2015
The Verkhovna Rada adopted a decision on **accession to the International Centre for the study of the Preservation and Restoration of Cultural Property (ICCROM)**\(^{287}\).

IKKROM Charter entered into force for Ukraine on 15 January 2016\(^ {288}\).

Ukraine's participation in **ICCROM** will boost the exchange of experience and training of Ukrainian specialists in the field of conservation and restoration of cultural heritage using the latest technology.

In order to implement the priority tasks, the Ukrainian side involves expert and financial assistance in projects:

- «Bibliomist-Ukraine Global Libraries Program» "(USA - USAID with the support from the Bill and Melinda Gates Foundation) funding of the project is 19.3 mln of USD for the period: 11.11.2009 – 31.12.2015;
- «Urban strategies in historic cities, directed by citizens» (the EU and the Council of Europe), funding of the project is about 600,000 EUR for the period 01.01.2015 - 01.07.2017.

### Sports and physical activities

The **Concept of the General-state target social program of the development of physical culture and sport for 2020** has been approved\(^ {289}\).

The Concept provides relevant implementation of the General-state target social program. The Concept will allow:

- Development of sports infrastructure, including the construction and upgrading existing sports facilities, involving investors’ funds;
- Development of the Olympic, non-Olympic, Paralympic and Deaflympics movements;
- Creating conditions for optimal physical activity of different population groups for strengthening health taking into account the interests, abilities and individual characteristics of each and to create conditions for providing quality service of physical education.

The **Anti-Doping Rules of the National Anti-Doping Center** have been introduced\(^ {290}\). The document consists of sports rules, which govern conditions of sports activity and aim at realization of the unified and harmonized principles of fight against doping in sport.

The rules have been developed in accordance with the International Convention against Doping in Sport\(^ {291}\) and in accordance with\(^ {292}\) the World Anti-Doping Code, a new edition that came into force on 1 January 2015.

All National Federations of sports have joined the Rules to the proposal of the National Anti-Doping Center.

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\(^{287}\) The Law of Ukraine № 720-VIII.

\(^{288}\) In accordance with the organization charter membership shall enter into force 30 days after the Director General of UNESCO has received official statement for accession.

\(^{289}\) The Ordinance of the Cabinet of Ministers of Ukraine of 9 December 2015 № 1320.

\(^{290}\) The Order of the Ministry of Youth and Sports of Ukraine of 9 October 2015 № 3711.

\(^{291}\) The Convention ratified by the Law of Ukraine of 3 August 2006 № 68-V.

\(^{292}\) On 25 September 2015, the National anti-doping center received the letter of confirmation from the World Anti-Doping Agency (WADA) that the rules correspond to provisions.
Ukraine has signed the Council of Europe Convention on the Manipulation of Sports Competitions\(^293\).

Ukraine’s accession to the Convention will facilitate approximation of physical culture and sports of Ukraine to European standards, as well as popularization of the principles of fair play and anti-corruption, manipulation and other kinds of fraud in sport.

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**Information society and audio-visual policy**

- The draft Law of Ukraine "On electronic communications" is under consideration in the Verkhovna Rada of Ukraine (reg. No. 3549-1) which has been developed to implement a number of acts of the EU legislation\(^294\), in particular:

Also under consideration of the Verkhovna Rada of Ukraine are systematically related with the above-mentioned draft law:

- The draft Law of Ukraine "On Amendments to the Budget Code of Ukraine (concerning electronic communications)" (reg. № 3643);

- Amendments to the rules of providing and receiving telecommunications services, which include the removal of obstacles when changing operator/provider of telecommunications that are associated with treatment discontinuation of provision of telecommunication services and termination of the contract\(^295\).

- The procedure for the provision of services on transfer subscriber numbers has been approved\(^296\).

In order to implement the priority tasks, the Ukrainian side involves expert and financial assistance projects:

- «Ukrainian media project (U-Media)» (USA. The funding of the project is 15.85 mln USD for the period: 10.01.2011 – 30.09.2016;


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\(^{293}\) On 21 December 2015, the Minister of Youth and Sports of Ukraine signed the Convention on behalf of Ukraine.

\(^{294}\) The Government Office for European Integration is carried out the legal expertise of the draft law for its complies with the EU-Ukraine Association Agreement and the EU legislation.

\(^{295}\) The Resolution of the Cabinet of Ministers of Ukraine of 29 April 2015 № 251.

\(^{296}\) The Decision of the National Commission for the State Regulation of Communications and Informatization of 31 July 2015 № 394.
Agriculture and rural development

➢ The concept of rural development\(^{297}\) defines the priorities for the development of rural areas by 2025. The concept is aimed at shifting the focus from agricultural state policy of support of the agricultural sector to the support of rural development.

It is assumed that the concept will be realised by means of reforming the management system, improving the state agrarian policy, institutional environment, organizational and economic mechanism, financial and information support as well as government support for rural development.

It is determined that for the fulfilment of the concept the measures will be developed in the following areas:

- **Improvement of the quality of life of the rural population through:**
  - Ensuring the availability of social services to citizens;
  - Providing incentives and appropriate conditions for young professionals to work and to live in the village;
  - Construction of modern transport infrastructure and telecommunications development;
  - State support for the development of public utilities and individual housing construction in rural areas;
  - The development of a network of medical, sports, and culture facilities;

- **Protection and conservation of natural resources in rural areas, including:**
  - The development of the nature reserve fund with the involvement of local communities and businesses;
  - Support of the production of energy from alternative sources;

- **Diversification and development of the rural economy, including:**
  - Creating conditions for the development of various kinds of forms of management;
  - The development of tourism and recreation activities in rural areas;
  - Improvement of the tax and budget system, simplifying access for rural population to financial resources;

- **Improvement of the management of rural areas by means of:**
  - Legislative support for rural development;
  - Strengthening the role of local communities in the planning and implementation of the rural development measures;

- **Education, information, and advisory support.**

➢ In order to switch from the use of national standards for food products, which are optional in nature, to EU practices, namely the establishment of minimum quality indicators for certain products, there has been taken next measures:

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\(^{297}\) Approved by Resolution of the Cabinet of Ministers of Ukraine of 23 September 2015 No 995.
Requirements for cocoa and chocolate products intended for human consumption were adopted;

- Development of requirements for certain quality indicators of honey is in progress.

- Within the reform of the agrarian sector of Ukraine were developed:
  - Amendments to certain legislative acts of Ukraine in regulation of certain issues concerning legal status of farm lands.\(^{298}\)

The draft Law is aimed at development of Farming and provides for:

- Granting legal rights for establishment of farms to all citizens of Ukraine regardless their relevant education and experience;
- Securing the status of farms as lands for commercial agricultural production;
- Selling of lands in state / municipal ownership or legal rights for farming only on land auctions.
- Amendments to certain legislative acts of Ukraine concerning minimal period of renting agricultural lands provided for hydrotechnical reclamation.

The draft Law establishes the “rules of game” in the area of reclaimed land renting, in particular, sets minimal 10 years period for renting of agricultural lands which are reclaimed and under hydrotechnical reclamation as well as determination within the law frameworks obligations of tenants to facilitate proper exploitation of appropriate reclamation systems and objects of engineering infrastructure on this areas. Long-term renting will attract investments in agricultural production.

Cross-border and regional cooperation

The Government developed and submitted to the Verkhovna Rada the draft law of Ukraine «On Amendments to Certain Legislative Acts of Ukraine Relating to Euroregional Cooperation Groupings» (reg. № 2787).

The draft law is aimed at legislative regulation of introducing a new form of cross-border cooperation bodies – Euroregional Cooperation Groupings (ECGs), as stipulated in Protocol № 3 to the European Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities (Madrid Convention) concerning Euroregional Co-operation Groupings.

The draft law foresees to empower local executive authorities and local governments to create or to join existing Euroregional Cooperation Groupings.

\(^{298}\) Draft law registration № 2028a was adopted as a basis on December 8, 2015
MAJOR FURTHER ACTIVITIES PLANNED

Based on the review of progress in implementation of the Association Agenda and the Agreement, additionally to the tasks determined by strategic documents, primarily the Association Agreement Implementation Action Plan for the period of 2014-2017 and plans for implementation of the EU legislation acts, further major activities need to be accomplished.

Priorities of the Association Agenda

Constitutional reform

➢ To adopt the following Laws of Ukraine:
  o «On Amendments the Constitution of Ukraine (relating to the decentralization of power)» (reg. № 2217а);
  o «On Amendments the Constitution of Ukraine (in the part of justice)» (reg. № 3524).

Preventing and combating corruption

➢ To adopt the following Laws of Ukraine:
  o «On Amendments to the Constitution of Ukraine (relating to the immunity of the MPs and judges)» (reg. № 1776);
  o «On Amendments to Certain Laws of Ukraine on Access to Public Information Relating to Improvement of their Certain Provisions» (reg. №2913);
  o «On Amendments to the Code of Ukraine on Administrative Offences to Strengthen State Control over Observance of the Right of Access to Public Information, Protection of Personal Data and Response to Appeals of Citizens» (reg. № 2043а).

Judicial reform

➢ To adopt the following Laws of Ukraine:
  o «On Enforcement Proceedings» (reg. №2507а);
  o «On Agencies and Officers that Exercise Enforcement of Decisions of Courts and Other Agencies» (reg. № 2506а).

Public administration reform

➢ To adopt the Law of Ukraine «On Service in Local Self-Government Bodies» (reg. № 2489).
➢ To finalize drafting and adopt the Strategy on Public Administration Reform in Ukraine for the years 2015 – 2020.
Deregulation

- To adopt the following Laws of Ukraine:
  - «On Amendments to Certain Laws of Ukraine on Bankruptcy (to ensure implementation of European standards in resolving insolvency of a debtor and the ease of doing business in Ukraine)» (reg. № 3163);

Public procurement reform

- To agree with the EU side the developed Roadmap for the implementation of the provisions of the EU Directives in public procurement (including the definition of phases of implementation, milestones, deadlines and responsible persons);
- To get access to the EU public procurement markets.

Energy sector reform

- To adopt a package of laws aimed at introducing a new model of the gas market:
  - «On Amendments to Certain Legislative Acts of Ukraine to Ensure Conditions for the Functioning of the Natural Gas Market » (reg. № 3325);
  - «On Amendments to the Customs Code of Ukraine Relating to Creation of Preconditions for a New Model of Natural Gas Market » (reg. № 3074);
- To adopt the Law of Ukraine:
- To complete development and adopt the Law of Ukraine «On the Electricity Market» and secondary legislation to implement the Law;
- To develop the following draft Laws of Ukraine:
  - «On Minimum Stocks of Crude Oil and Petroleum Products»;
  - «On Peculiarities of Corporatization of the State Enterprise National Nuclear Energy Generating Company “Energoatom”».
- To complete development and adopt the State targeted economic program on the development of Ukraine's nuclear industrial complex in 2016-2020.

Political Dialogue

- To adopt the following Laws of Ukraine:
  - «On Amendments to Article 124 of the Constitution of Ukraine (relating to acceptance of the ICC jurisdiction under the Rome Statute)» (reg. № 1788);
  - «On Provision of Services and Service Centres of the Ministry of Internal Affairs of Ukraine» (reg. № 2567);
  - «On Amendments to the Law of Ukraine «On Pre-trial Detention» Relating to Implementation of Certain Standards of the Council of Europe» (reg. № 2291a);
To complete the development and adopt a new Law of Ukraine «On Television and Radio Broadcasting».

### Justice, Freedom and Security

- To complete the first line of reconstruction of the temporary residence centre for foreigners and stateless persons, who illegally stay in Ukraine, in the village of Zhuravychi of the Kivertsi district of the Volyn region, and reconstruction of the first complex of such centre in the village of Rozsudiv of the Ripkynsk district of the Chernihiv region;
- To create a reception and accommodation centre for refugee children, children who are recognized as persons in need of additional protection, and children separated from their families, who have applied for recognition as a refugee or a person in need of additional protection, on the basis of a temporary accommodation centre for refugees in the town of Yahotyn of the Kyiv region;
- To create social integration centres for refugees and persons in need of additional protection in the cities of Kyiv, Kharkiv, Odesa.

### Trade and Trade-Related Matters

**Technical Regulation**

- To prepare a comprehensive assessment of equivalence of the technical regulation system in order to conclude the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACCA).

**Sanitary and Phytosanitary Measures**

- To adopt the following Laws of Ukraine:
  - «On Feed» (reg. № 2845-1);
To adopt the Strategy for implementation of legislation in the field of sanitary and phytosanitary measures.

**Customs and Trade Facilitation**

To adopt the following Laws of Ukraine:

- «On Amendments to the Tax Code of Ukraine regarding peculiarities of the value added taxation of operations to import into Ukraine of goods by individuals in cabin baggage and / or accompanied baggage» (reg. № 3470 of November 13, 2015);
- «On Amendments to the Customs Code of Ukraine (concerning the implementation of the Association Agreement between Ukraine and the EU)» (reg. № 3444 of November 10, 2015).

To develop and submit to the Cabinet of Ministers draft regulations aimed at:

- Implementation of Council Regulation (EC) № 1383/2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights, without prejudice to the results of current review of EU legislation concerning customs coverage of intellectual property rights;
- Implementation of Commission Regulation (EC) No 1891/2004 of laying down provisions for the implementation of Council Regulation (EC) No 1383/2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights, without prejudice to the results of current review of EU legislation concerning customs coverage of intellectual property rights;
- Ratification of the Convention concerning simplification of formalities in trade in goods from 20 May 1987 and the Convention on a common transit procedure from May 20, 1987 (as amended) by the Parliament of Ukraine and bringing national legislation into line with their provisions;

**Establishment of business, trade in services and e-commerce**

To adopt the following Laws of Ukraine:

- «On Electronic Trust Services» (reg. № 2544a);
- «On Strengthening the Independence and Administrative Capacity of the National Regulator in the Field of Communications».

To develop the roadmaps on approximation of Ukrainian legislation to the EU law in the following fields:

- postal and courier services;
- international maritime transport.
**Intellectual property**

- To adopt the draft laws of Ukraine:
  - «On Amendments to Certain Legislative Acts of Ukraine Relating to Resolving the Issues of Copyright and Related Rights in the Internet» (reg. № 3353);
  - «On Amendments to the Customs Code of Ukraine Relating to Protection of Intellectual Property Rights when Moving Goods across the Customs Border of Ukraine»;
- To work out with the EU side the issue of providing the EU technical assistance for ensuring the protection of EU geographical indications listed in Annex XXII-C and XXII-D of the Association Agreement.

**Transparency**

- To identify or create contact points for processing the requests for information on specific FTA relating issues that are related to the measures of general application.

**Trade and sustainable development**

- To establish an Advisory group on sustainable development in order to develop recommendations for implementation of the provisions of Chapter «Trade and Sustainable Development» of the Association Agreement. Complete the formation of the list of representatives, who will be members in the Group of experts in the sphere of trade and sustainable development.

**Economic and Sector Cooperation**

**Economic reform**

- To adopt the following Laws of Ukraine:
  - «On Amendments to Certain Legislative Acts of Ukraine Relating to Expanding the Powers of Local Self-government Bodies and Optimization of Administrative Services Provision» (reg. № 2984);
  - «On Amendments to Article 52 of the Budget Code of Ukraine (regarding the rules of amending the budget)».

**Statistics**

- To adopt the Law of Ukraine:
  - «On Amendments to Certain Laws of Ukraine on Regulation of the State Statistical Activity».

**Environment**

- To adopt the following Laws of Ukraine:
  - «On Environmental Impact Assessment» (reg. № 2009-a);
  - «On Strategic Environmental Assessment» (reg. № 3259);
Transport

➢ To adopt a new edition of the Law of Ukraine «On Railway Transport» (reg. № 3650);

➢ To finalize and adopt the draft laws of Ukraine:
  - «On the Multimodal Transportation».

➢ To finalize and approve the Action Plan on preparation for implementation of a Common Aviation Area between Ukraine and the European Union.

Legislation on establishment and functioning of companies, corporate management, accounting and audit

➢ To adopt the Law of Ukraine:

Cooperation in the field of employment, social policy and equal opportunities

➢ To adopt the draft laws of Ukraine:
  - «On Amendments to Certain Legislative Acts of Ukraine on Introduction of a funded System of Mandatory State Pension Insurance and Common Principles of Calculating Pensions» (reg. № 2767);

➢ To adopt the Strategy to overcome poverty.

Public Health

➢ To adopt the following Laws of Ukraine:
  - «On Amendment to Subparagraph 4 of Paragraph XX of «Transitional Provisions» of the Tax Code of Ukraine Relating to Improvement of Healthcare Legislation» (reg. № 2310a);

Science and Technology

➢ To ensure integration of the National Technology Transfer Network to the European networks.
Education, training and youth

➢ To adopt the following acts:
  o a new edition of the Law of Ukraine «On Education» (reg. № 3491);
  o the Law of Ukraine «On Amendments to Certain Laws of Ukraine (relating to recognition of informal education)» (reg. № 2121);
➢ To develop the State program on youth policy until 2020.

Culture

➢ To develop and adopt the Strategy on development of the sphere of culture until 2025;
➢ To start implementation of the Agreement on Ukraine’s participation in the EU Program «Creative Europe» (2014-2020);
➢ To start activities in the framework of the International Centre for the Study of the Preservation and Restoration of Cultural Property (ICCROM).

Transborder cooperation

➢ To adopt the Law of Ukraine:
National mechanism for coordination of European integration process

Cabinet of Ministers of Ukraine
Prime Minister of Ukraine
Vice Prime Minister of Ukraine on European Integration

Special meetings of the Cabinet of Ministers of Ukraine devoted to the issues of the EU-Ukraine Association Council and implementation of the Agreement

Government Committee on European Integration to address the issues of the EU-Ukraine Association Committee and the implementation of the Agreement

Government Office for European Integration
Secretariat of the Association Council and of the Committee

Preparation of expert appraisals to draft legal acts and regulation developed by ministries and central government authorities

Coordination of the work of bilateral bodies

Discussion of draft legal acts and regulations prepared by ministries and central government authorities within their competences

Ministries
Deputy Ministers on European Integration
Relevant Deputy Heads of central government authorities

Monitoring implementation of the Association Agreement and relevant Action Plans
Preparation and monitoring of the implementation of decisions made by the Association bilateral bodies

Identification of priorities, discussion and decision making in the area of European Integration, including decisions of the EU-Ukraine bilateral bodies