REPORT OF THE GOVERNMENT OF UKRAINE

FOR QUARTERS 2 AND 3 OF 2016

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GOVERNMENT’S PRIORITY ACTION PLAN FOR 2016

OBJECTIVE – IMPROVE LIVING STANDARDS OF UKRAINIANS AS A RESULT OF SUSTAINABLE ECONOMIC DEVELOPMENT
UKRAINE DEMONSTRATES ECONOMIC GROWTH

GROWTH OF THE REAL SECTOR OF ECONOMY:
- industrial output +2%
- construction products index +11.9%

SLOWDOWN IN INFLATION: increase in consumer prices for nine months in 2016 – 6.4% compared to 43.3% in 2015

GDP – positive trends for two consecutive quarters: 1st quarter – +0.1%, quarter – +1.4%
INCREASE IN THE NOMINAL AVERAGE MONTHLY SALARY OF FULL-TIME EMPLOYEES BY + 24.4 % up to UAH 4,944 in January-August 2016

INFLOW OF FOREIGN INVESTMENT IN UKRAINE: in January-August 2016, net inflow of direct foreign investments – $2.5 billion, by 19% more than in the relevant period of the previous year
IMPROVED QUALITY OF PUBLIC ADMINISTRATION AND PUBLIC SERVICES
LAUNCHED THE CIVIL SERVICE REFORM

ADOPTED THE PUBLIC ADMINISTRATION REFORM STRATEGY FOR 2016-2020 and approved the action plan for implementing the strategy

ESTABLISHED THE SENIOR CIVIL SERVICE COMMISSION and appointed its members
ANNOUNCED COMPETITIONS TO FILL VACANCIES OF CATEGORY “A” IN THE CIVIL SERVICE

announced 52 competitions

held 26 COMPETITIONS

CREATED THE REFORMS OFFICE WITH SUPPORT FROM THE EU AND EBRD

The list of vacancies is published on the website of the National Agency of Ukraine on Civil Service: nads.gov.ua/page/vakansiyi
INTRODUCTION OF E-GOVERNANCE

INTRODUCED AN ELECTRONIC DOCUMENT MANAGEMENT SYSTEM into all central authorities

INTRODUCED ELECTRONIC PETITIONS to the Government

Priority administrative services are provided IN THE ELECTRONIC FORMAT:

6 electronic services
in the field of construction

3 electronic services
in land matters, registration of waste declarations, provision of housing subsidies

According to the UN E-Government Development Index, Ukraine has advanced more than 25 positions for the first time in six years.
Over 6,500 data sets from more than 700 registered administrators have been made public AT THE UNIFIED STATE OPEN DATA WEB PORTAL.

Ukraine has joined the International Open Data Charter.

STARTED INTRODUCTION OF AUTOMATIC DATA TRANSFER between state registers and data bases.
DECENTRALIZATION REFORM CONTINUES

UNITED TERRITORIAL COMMUNITIES (UTC) ARE ACTIVELY CREATED.

As of 2016, 184 UTCs have been created, elections were conducted in 25 UTCs, elections are scheduled for December of 2016 in 184 UTCs.

2,880 PROJECTS ARE IMPLEMENTED using funds of the State Regional Development Fund and subventions for social and economic development of regions, totaling UAH 5 billion.
Transferred authorities relating to registration of immovable property, business, place of residence, and issue of passports to centers of administrative services.

11 CITY COUNCILS of oblast centers (Uzhhorod, Lutsk, Lviv, Ivano-Frankivsk, Ternopil, Chernivtsi, Kharkiv, Odesa, Kherson, Mariupol); 27 COUNCILS of other populated places.

38 IN TOTAL.
MACROECONOMIC STABILIZATION AND SUSTAINABLE ECONOMIC GROWTH
Ensuring national defense capability
(total funds, allocated to defense and security, account for UAH 129.3 (5% of GDP))

Energy efficiency
(at least UAH 4 billion)

Increasing salary of teachers
(additional UAH 4.5 billion)

Increasing social standards at a higher rate than the consumer price index
(minimum wage, minimum subsistence level, increased by 10.1%)

Large-scale repair and construction of roads
(it is expected to attract over UAH 40 billion)

Support to agricultural producers
(approximately UAH 5.6 billion)

Increased expenditures for procurement of medicines

THE DRAFT LAW ON THE STATE BUDGET FOR 2017 WAS TIMELY SUBMITTED TO THE PARLIAMENT FOR THE FIRST TIME IN RECENT YEARS.
LAUNCHED A COMPREHENSIVE REFORM OF CUSTOMS AGENCIES

INTRODUCED the “one-stop-shop” principle of cargo customs clearance, processed 9,196 bills of entry

COMPILED a complete list of grounds for customs inspection, including its duration

APPROVED AN OBLIGATORY PROCEDURE FOR RECORDING INSPECTIONS USING PHOTO AND VIDEO DEVICES

CREATED interregional customs office of the State Fiscal Service to ensure control over customs clearance and reduce instances of abuse of authority

THE ROAD MAP FOR SYSTEMIC REFORMS WAS PREPARED WITH SUPPORT FROM US EXPERTS.
DEVELOPMENT OF THE CONCEPT OF REFORMING THE INTERNAL SECURITY SYSTEM OF THE STATE FISCAL SERVICE (SFS) CREATED INTERGOVERNMENTAL MOBILE GROUPS to combat smuggling and abuse of authority in the customs area of the SFS.

IN JANUARY-SEPTEMBER OF 2016, THE STATE BUDGET RECEIVED UAH 166,883 million of customs payments. 105.5% - achievement of the target indicator, that is, the budget additionally received UAH 8,654 million.

CUSTOMS PAYMENTS INCREASED BY 17% compared to the relevant period of 2015.
IMPROVED TAX ADMINISTRATION SYSTEM
APPROVED DRAFT LAW ON AMENDMENTS TO THE TAX CODE, WHICH PROVIDES FOR:

**SINGLE PUBLIC REGISTER OF APPLICATIONS** for VAT refund from the state budget

**FULLY FUNCTIONAL ELECTRONIC OFFICE OF A TAXPAYER:**
access to all tax-related information, reconciliation of payments to the budget, overpayment management, submission of tax returns

**TAX HOLIDAYS TILL DECEMBER 31, 2021** for newly established and small enterprises (application of a zero corporate income tax rate)

**LIQUIDATION OF THE TAX MILITIA AND ESTABLISHMENT OF THE FINANCIAL POLICE ON ITS BASIS**
CORPORATE MANAGEMENT REFORM CONTINUES
IN THE PUBLIC SECTOR
PREPARATION FOR TRANSPARENT PRIVATIZATION OF COMPANIES

EMPLOYMENT AGREEMENTS WITH HIGHLY QUALIFIED MODERN MANAGERS WERE CONCLUDED by such state-owned companies as PJSC “Ukrzaliznytsia” and USEP “Ukrposhta”, competitions were launched to fill vacancies for directors in the following state enterprises: Yuzhnoye State Design Office, Mariupol Shipyard, International Airport “Boryspil”, Ukrkhimtransamiak, Elektrovazhmask

LARGEST COMPANIES OF THE PUBLIC SECTOR ARE AUDITED:
36 companies of the first group (89% of assets of the TOP-100) and 48 companies of the second group (41% of the group’s assets)
The list of state-owned enterprises, to be privatized in 2015-2017, additionally contains **74** new enterprises and **66** enterprises, which can be privatized after removal of the ban on their privatization.

**THE LISTS INCLUDE**

a number of enterprises, which are attractive for investors and can generate substantial revenues for the state budget, namely:

- PJSC “Zaporizhzhya Aluminium Combine”, State Enterprise “United Mining and Chemical Company”,
- SE “Plant “Elektrotyazhmash”. 

**PREPARATION FOR PRIVATIZATION OF ODESSA PORT PLANT CONTINUES**

LAUNCHED PRIVATIZATION OF STATE-OWNED PROPERTY USING NEW APPROACHES
REGULAR MEETINGS WITH BUSINESS REPRESENTATIVES HAVE BECOME A ROUTINE ACTIVITY FOR THE GOVERNMENT.

FROM AUGUST 1, ALL PUBLIC PROCUREMENTS ARE CONDUCTED VIA the electronic procurement system PROZORRO.

APPROVED THE UPDATED ACTION PLAN OF BUSINESS ACTIVITY DEREGULATION.
CREATED THE POSSIBILITY TO APPLY FOR LICENCES in an electronic format via the Single State Portal of Administrative Services

LAUNCHED REFORMS IN THE SYSTEM OF LEGAL PROTECTION OF INTELLECTUAL PROPERTY IN UKRAINE

Approved the Reform Concept, submitted a number of draft laws to the Parliament of Ukraine
IT IS PLANNED to allocate funds of the state budget to support small and medium enterprises of agricultural sector starting from 2017 in the amount of at least 1 percent of production costs of the total agricultural output.

ADDITIONAL TRADE PREFERENCES received by Ukrainian agricultural producers from the EU
INITIATED PREPARATION AND ESTABLISHMENT OF NEW INSTITUTIONS AIMED TO SUPPORT BUSINESS DEVELOPMENT

SUBMITTED THE DRAFT LAW OF UKRAINE ON BUSINESS OMBUDSMAN TO THE PARLIAMENT OF UKRAINE, adopted in the first reading

INTRODUCED the institute of the Government Commissioner for Investments, created the Office for Attracting Investments, Assisting and Supporting Investors

CREATED THE NATIONAL COMMITTEE FOR INDUSTRIAL DEVELOPMENT OF UKRAINE – an advisory body, responsible for producing comprehensive solutions aimed to ensure industrial development of Ukraine
DEVELOPMENT OF THE CONCEPT OF THE UKRAINIAN EXPORT PROMOTION OFFICE

High-Tech Office project, DEVELOPED AND APPROVED BY BUSINESS REPRESENTATIVES, experts and community leaders.
MODERNIZATION OF INFRASTRUCTURE
Cancellation of the underestimated price for gas, produced in Ukraine, created favorable conditions for increasing domestic production of gas and ensuring complete energy independence of Ukraine till 2020.

**CONTINUED REFORMING THE NJSC “NAFTOGAZ OF UKRAINE”:** adopted the resolution on UNBUNDLING, created the supervisory board of the NJSC “Naftogaz of Ukraine”, set up the working group to speed up UNBUNDLING.
APPROVED the Program for Developing Hydropower Industry of Ukraine till 2026

The draft law “On the Electricity Market of Ukraine” was prepared and submitted to the Parliament of Ukraine (adopted in the first reading)

ENSURED IMPLEMENTATION OF MEASURES designed to diversify sources of nuclear fuel supplied to nuclear power plants of Ukraine (contract for supply of nuclear fuel produced by Westinghouse (the USA))
IMPLEMENTATION OF THE PROGRAM “WARM LOANS” CONTINUES

REPAID over 146 thousand loans amounting to UAH 2.396 billion.

Additional information: 200 local programs, initiated and coordinated by the Government, were adopted.
DEPLOYED A LARGE-SCALE PROGRAM FOR REPAIRING ROADS IN 2016

**PLANNED** budget of up to UAH 19 billion

**ALREADY PATCHED** 8 million square meters of potholes

**STARTED WORKS** in 22 oblasts at 232 sites to carry out repair of roads with the total length of 865 kilometers

**LAUNCHED NEGOTIATIONS WITH THE WORLD BANK**

on developing a strategy for reconstructing and building roads in Ukraine
Over 160 thousand vehicles were **CHECKED**.

Weight limits were violated in 4,843 cases.

The road toll was collected in the amount of EUR 1165.62 thousand.

Fines imposed account for UAH 1951.1 thousand.

**ALLOCATED** UAH 117 million to purchase 78 new mobile laboratories using funds granted by the European Commission.
**ACTIVATED INFRASTRUCTURE PROJECTS**

**STARTED** implementation of projects to **build border road infrastructure and modernize checkpoints** using loans provided by the Government of Poland in the amount of **EUR 100 million** to minimize lines at the border.

**ATTRACTED INVESTMENTS**

to develop strategic port infrastructure facilities (Mykolayiv, Illichivsk and Yuzhny ports).
IMPLEMENTATION of the project “Construction of the New Double-Track Beskids Tunnel” continues in cooperation with the European Bank for Reconstruction and Development and the European Investment Bank.

INCREASED CAPACITY OF THE ROUTE Zaporizhia-Komysh-Zoria-Volnovakha-Mariupol

Expanded flight geography through local airports (Lviv, Vinnytsia, Ivano-Frankivsk)
IMPLEMENTED MEASURES TO INCREASE THE LEVEL OF ENVIRONMENTAL SAFETY IN THE EXCLUSION ZONE

CREATED CHORNObYL RADIATION-ECOLOGICAL BIOSPHERE RESERVE

with the area of about 230 thousand hectares

Over EUR 87 million was allocated to construction of environmentally safe spent fuel storage facility (confinement)

CREATED TRANSPARENT AND CLEAR CONDITIONS for companies operating in the field of waste treatment
APPROVED LICENSING REQUIREMENTS FOR COMPANIES conducting business related to dangerous waste treatment and production of extremely dangerous chemicals, determined by the Cabinet of Ministers of Ukraine.
SOCIAL AND HUMANITARIAN

POLICY
THE GOVERNMENT ENSURES COMPLIANCE WITH THE SOCIAL CONTRACT

THE GOVERNMENT WILL INCREASE SOCIAL STANDARDS by 10.3% from December, 2016

PENSION TAXATION IS CANCELLED from July 1, 2016

SYMPHILIZED CONDITIONS OF PROVIDING SUBSIDIES.

As of October 7, 2016, nearly 5.3 million households received subsidies on housing and utility services. This is two times more than in the relevant period of the previous year. 2,666 households received subsidies in September of 2015.
ESTABLISHED A REAL DIALOGUE WITH TRADE UNIONS and employers based on the new general agreement on regulating basic principles and norms of implementing the social and economic policy and employment relations in Ukraine (August 23, 2016)

IMPLEMENTING PROJECTS TO CREATE CENTERS OF ADMINISTRATIVE SERVICES of social nature

“Transparent Offices” were opened in Dnipro, Kyiv, Lviv, Odesa and Kharkiv.
PUBLIC DISCUSSION OF THE DRAFT CONCEPT OF REFORMING
THE MECHANISM FOR FUNDING HEALTH CARE AND
INTRODUCING ELEMENTS OF ENSURANCE MEDICINE

SYMMPLIFIED MECHANISM FOR REGISTERING
imported medicines in Ukraine (from the USA, Canada,
Australia, Japan, Switzerland and countries of the EU)

INCREASED EXPENDITURES FOR MEDICAL
SERVICES, PROVIDED TO CITIZENS OF
UKRAINE ABROAD
(including ATO participants),
by UAH 183,800 thousand
THE GOVERNMENT ENSURED SUPPLY OF MEDICINES, procured through international organizations, including vaccines. 90% of the procured medicines have been delivered to Ukraine.

DETERMINED THE MECHANISM FOR REFERENCE PRICING AND REIMBURSEMENT FOR MEDICINES
DEVELOPED A DRAFT CONCEPT OF THE NEW UKRAINIAN SCHOOL, consisting of the following 8 basic components:

1) new content of education;
2) pedagogy of partnership;
3) motivated teacher;
4) child-centered approach;
5) upbringing focused on values;
6) new school structure;
7) decentralization and effective management;
8) fair distribution of public funds.

CONTINUING CREATION OF THE NETWORK OF HUB SCHOOLS, which make it possible for all students to receive quality education regardless of their place of residence. 137 hub schools and their 360 branches were launched on September 1, 2016. Over 10 thousand students are brought to hub schools by bus.
ENSURED PARTICIPATION OF UKRAINE in the Programme for International Student Assessment (PISA 2018)

UPDATED 13 CURRICULA OF THE ELEMENTARY SCHOOL
MODERNIZATION OF VOCATIONAL AND HIGHER EDUCATION

APPROVED STANDARDS FOR THREE POPULAR JOBS AT THE LABOR MARKET, NAMELY:

DETERMINED 25 vocational schools, based on which training centers will be created, and compiled the list of modern equipment, necessary for operation of such centers, with the total value of UAH 255 million
IMPLEMENTING THE STRATEGY FOR ENSURING EQUAL ACCESS TO HIGHER EDUCATION for persons, who live on the temporarily occupied territory.

CREATED SPECIAL CONDITIONS for students from Donbas, entering universities, evacuated from the ATO area.

About 153 persons entered higher education institutions through education centers “Crimea is Ukraine”, about 855 persons – through education centers “Donbas is Ukraine”.

MEMBERS OF THE IDENTIFICATION COMMITTEE ON THE SCIENCE ISSUES HAVE BEEN APPOINTED FOR THE FIRST TIME
Rewards were fully paid by the Government to champions and medalists of the XXXI Olympiad and 15th Summer Paralympic Games, held in Rio de Janeiro (Brazil).
MODERNIZATION OF APPROACHES TO MANAGEMENT IN THE CULTURAL SECTOR

STARTED PREPARATION for the 2017 Eurovision Song Contest to be held in Ukraine

CREATED AND ENSURED OPERATION of the national bureau within the framework of the EU program “Creative Europe”

RESTRICTED ACCESS for anti-Ukrainian printed materials to the Ukrainian market
CONDUCTED INVENTORY and assessment of the state of the existing cultural institutions in settlements, villages, urban villages

Simplified procedures for including Cultural Heritage Site into the state register of immovable monuments of Ukraine
INSURING THE RULE OF LAW AND SECURITY OF CITIZENS

COMBATING CORRUPTION
Continued reforming law enforcement authorities

**CREATED 28 patrol police directorates**, which ensure public safety and order in **32 cities** of Ukraine, including those situated in close proximity to the **ATO zone**.

**ON JULY 4, 2016**, three automated traffic enforcement systems started operating in a test mode (1 in Kyiv and 2 in Odesa).

**SIMPONIFIED PROCEDURES FOR PROVIDING PUBLIC SERVICES BY THE MIA DEPARTMENTS.**

**The State Migration Service transferred** its authorities relating to registration/deregistration of natural persons’ place of residence/living to local authorities.
INSURED IMPROVEMENT OF ACCESS TO AND QUALITY OF FREE LEGAL ASSISTANCE and strengthened legal capacity of territorial communities.

On September 1, 2016, over 400 legal assistance bureaus started providing services. About 33 thousand citizens applied for legal assistance.

LAUNCHED THE REFORM OF THE PENITENTIARY SYSTEM of Ukraine in accordance with international standards.

IMPROVED THE SYSTEM OF ENFORCEMENT OF DECISIONS MADE BY COURTS and other authorities (officials).

ESTABLISHED THE INSTITUTE OF PRIVATE BAILIFFS which will assist in creating competitive environment for efficient enforcement of decisions.
LAUNCHED OPERATION OF THE NATIONAL AGENCY ON CORRUPTION PREVENTION

APPROVED THE PROCEDURE FOR CONDUCTING ANTI-CORRUPTION EXAMINATION OF DRAFTED normative and legal documents, as well as the list of major performance indicators

COMPILED AND APPROVED the list of jobs with high and increased level of corruption risks, as well as the procedure for conducting inspections

LAUNCHED THE ELECTRONIC DECLARATION SYSTEM

Set up hotline to provide consultations and assistance to citizens when completing electronic declaration forms
LAUNCHED THE COMPETITION TO FILL THE VACANCY FOR the Head of the National Agency for Identification, Tracing and Management of Assets Acquired as a Result of Corruption and Other Offences

INTRODUCED the mechanism for controlling funding of political parties

Approved the plan of actions within the framework of joint anti-corruption initiative of the government and community
THE AGREEMENT PROVIDES FOR CREATION of the legal framework to increase efficiency of relevant authorities of Ukraine and EU responsible for investigating and prosecuting for serious crimes of transnational nature, including terrorism, drug trafficking, human trafficking, corruption, cybercrimes, money laundering, fraud and other crimes committed by cross-border criminal organizations.
PROTECTION OF THE SOVEREIGNTY OF UKRAINE

AND FOREIGN POLICY
STRENGTHENING THE DEFENSE CAPACITY OF UKRAINE

APPROVED AND ENSURED implementation of the Defense Bulletin of Ukraine (Decree of the President of Ukraine No. 240/2016 as of June 6, 2016)

IMPLEMENTED MEASURES to introduce a new institutional structure of the Ministry of Defense and command and control agencies of the Armed Forces
CREATED AN OPERATIONAL READY RESERVE

Introduction of NATO standards into the Armed Forces of Ukraine is under way.

Measures designed to strengthen the National Guard are implemented.

Ukraine’s 2016 Cyber Security Strategy Action Plan was approved.

ONGOING REFORM OF THE MATERIEL SUPPORT SYSTEM OF THE ARMED FORCES

Unified logistic management system is being created, all processes are being automated, and material and technical resources are being accumulated.
181 thousand servicepersons and officers of the Armed Forces have acquired the combatant status. Protection of their civil rights is guaranteed.

The monetary allowance of servicepersons of the Armed Forces has been significantly increased as compared to 2015: servicepersons doing military service under contract (enlisted persons) – 2.5-3 times, officers – 1.5-2 times.
CONTINUED IMPLEMENTATION of the comprehensive program for providing servicepersons with accommodation. As of October 1 of the current year, 935 apartments were procured and assigned to servicepersons of the Armed Forces and members of their families, including 311 apartments assigned to ATO participants.

CREATED THE SYSTEM OF MEDICAL REHABILITATION OF THE INJURED using the common medical space of the country, developed the integrated medical information system for all components of defense forces.
CREATED THE MINISTRY OF TEMPORARILY OCCUPIED TERRITORIES AND INTERNALLY DISPLACED PERSONS

CREATED THE COUNCIL FOR RESTORING AND PROMOTING PEACE IN UKRAINE

RESUMED SOCIAL PAYMENTS TO INTERNALLY DISPLACED PERSONS:

1) simplified the procedure for registering internally displaced persons;

2) improved the mechanism for assigning and controlling social payments to such persons;

3) approved the procedure for creating, maintaining and accessing to the central IDP database.

LAUNCHED THE COMPREHENSIVE COMMUNICATION CAMPAIGN “CRIMEA IS UKRAINE”
ENSURED FURTHER CONSOLIDATION OF INTERNATIONAL SUPPORT TO COUNTERACT THE RUSSIAN AGGRESSION, PARTICULARLY WITHIN THE FRAMEWORK OF THE UN SECURITY COUNCIL, EUROPEAN COUNCIL AND OSCE

IMPROVED THE MECHANISM FOR PROTECTING RIGHTS AND INTERESTS OF CITIZENS OF UKRAINE AND UKRAINIAN BUSINESS.

Developed and introduced the “electronic apostille”, protected against forgery by means of barcodes (relevant information is automatically generated for each record).

DEVELOPED THE COMPUTER PROGRAM “AUTOMATED SYSTEM FOR FILLING IN APPLICATIONS”, which allows to register, process and store applications of Ukrainian citizens for certification of official documents.
ARRANGED INTERNATIONAL BROADCASTING OF UKRAINE. The international broadcasting channel UA|TV was included into one of the biggest OTT services in the world, represented in 209 countries. Ensured promotion of UA|TV in Latvia, Poland, Estonia, Bulgaria, Georgia and Moldova.

APPROVED THE CONCEPT OF POPULARIZATION OF UKRAINE in the world and promotion of the interests of Ukraine in the global information space.
THANK YOU FOR YOUR ATTENTION!