

Action Plan of the Government for 2016

Goal set by the Government

Ukraine is currently under exceptional circumstances having survived deep political and economic crisis against the background of Crimea occupation and war in the East. However, a reason of such crisis is deeper than current political and economic shocks or Russian aggression. Procrastination with the necessary reforms throughout the course of 25 years of independence resulted in it. Ukraine is one of the weakest reformers among Eastern European countries, i.e. changes that happened in the country from the time of collapse of the communist camp are not as great as those in the neighbouring EU member states. Consequences of such procrastination turned out to be disastrous for the Ukrainians. Starting from the 90s being somewhere at one level of economic development with such countries as Poland, Slovakia and Romania we are now trailing them multiple times. The rates of economic growth in Ukraine are much lesser than the growth rates of the economies of our Western neighbours. Salaries of the Ukrainians are 3 to 5 times lower than the salaries paid to the Poles, Slovaks and Romanians.

Nevertheless, Ukrainians can catch up with its neighbours and achieve the same level of economic development and welfare. Quality human capital, advantageous geographical position and powerful base of natural resources create high potential not only to overcome the crisis but also for rapid development of the country. Such potential can be implemented only by means of drastic and effective European reforms, which should bring results visible for the people.

The goal set by the Government is to ensure growth of the people's standard of living and improve quality due to sustainable economic development.

Preconditions for achievement of such goal are ensuring national safety, macroeconomic stability, development of favourable business environment, strengthening rule of law and counteraction to corruptions and improvement of quality of public administration.

In turn, these strategic priorities determine a set of immediate steps which should be taken by the Government before the end of a current year.

Strategic priorities of the Government

I. Macroeconomic stabilization, which provides for stability of public finance, low inflation and high stability of the financial system. For the main part of its history throughout the course of the last decades Ukraine has been in the condition of constant macroeconomic instability – population was becoming poor because of high inflation and devaluation, bankruptcy of the enterprises entailed loss of workplaces, savings of the people were disappearing under the circumstances of collapses of the banking system. To a considerable extent permanent economic collapses resulted in a considerable trailing of Ukraine from its Eastern European neighbours.

Securing macroeconomic stabilization achieved in such a difficult manner is one of key priorities of the Government. However, not only stabilization of a current situation should become a goal

and result of reforms but also achievement of a long-term macroeconomic stability without which it will be extremely difficult for Ukraine to achieve high level of economic development. For this purpose, the Government will implement a prudent and responsible economic policy.

II. Development of favourable conditions for business development is a necessary precondition in order for Ukraine to achieve greater level of its economic development and successfully integrate with the European states. Only at the cost of sustainable growth of GDP it will be possible to ensure stable and high level of incomes as well as social payments to the people.

III. Establishment of the rule of law and counteraction to corruption were the main requirement of the Revolution of Dignity as impunity of criminals, impossibility to achieve fair justice and pervasive corruption made people come to Maidan. The level of trust of the society to a judicial system is still extremely low and assessments of the level of corruption – very high.

After the Revolution of Dignity they took specific measures in terms of restoration of the rule of law and overcoming corruption. A chain of anti-corruption institutions, which complement each other and the goal of which is overcoming the most destructive corruption at the highest level, is developed. However, the scale of problems related to justice and corruption still remains high and further efforts are required from the public authorities in order to overcome them.

IV. Improvement of quality of public administration and public services will restore trust of the people to its state and it will allow the business to work efficiently and also create workplaces and grow. After the Revolution of Dignity they launched such important reforms in this sphere as decentralization and public service reform, which the Government is expected to continue actively.

Such goals complement each other. Long-term macroeconomic stability cannot be achieved without sustainable growth of the economy. In turn, sustainable economic growth requires both macroeconomic stability and rule of law. The rule of law and ability to counteract corruption are grounded both on quality public administration as elimination of any possibilities for the corrupt activities by means of deregulation of the economy and minimization of interference of the officials with the economic activities. Building quality public administration and provision of quality public services require the foundation as the rule of law and ability to counteract corruption in an efficient manner.

The prioritized reformist measures specified in this document, their order, ways of implementation and the benefit they will bring directly to the citizens of Ukraine are designed for achievement of the aforementioned strategic goals.

V. Restoration of the people's safety, which is jeopardized by the Russian aggression, war in the East and deterioration of a crime situation and social problems caused by the war.

Aggressive actions by the Russian Federation, namely, from occupation of Ukrainian territories by it and direct military intervention to information and trade war jeopardize sovereignty of Ukraine and existence of it as a state. Successful counteraction to the Russian aggression both in terms of military and foreign policy, information and other spheres is a key assignment of the Government. Special attention on this way will be paid to a maximum improvement of cooperation with NATO countries.

Strengthening internal cohesion, integration of internally displaced people, restoration of normal life within the territories, which suffered from the Russian aggression, recovery of

communications with the inhabitants of occupied territories of Donbas and Crimea is no less important.

Key areas of reforms for achievement of strategic goals

I. Macroeconomic stabilization, first of all, requires responsible and prudent fiscal policy from the Government as it is the area of public macroeconomic policy the Government is responsible for. In 2016 the main assignment is to keep the macroeconomic stability achieved in a previous year and continue further improvement of public finances, which provides for implementation of reforms, which will become those preventing from re-occurrence of similar crisis in future.

1. Reforming public finance management system. One of the reasons behind constant crises in the sphere of public finance, which Ukraine faces, are lack of effective rules that would have limited a possibility of irresponsible spending of the funds and ensured efficiency of such spending. As opposed to more developed countries, where stricter budget constraints are effective and there are possibilities for the Ministry of Finance of Ukraine to control volumes of spending accurately, the role of the Ministry of Finance of Ukraine is relatively weak in Ukraine and budget constraints are often violated. It results in spending, which the country cannot afford and which are financed in the manners destructive for the economy, namely, printing of the money, accumulation of indebtedness and others. Poor planning of costs by the spending units results in low efficiency of use of the funds and poor quality of public services. A strong role of the Ministry of Finance of Ukraine, observance of strict budget constraints, efficient use of the funds and implementation of a mid-term budgetary planning will prevent from similar violations in future.

2. Pension reform. A pension reform in Ukraine is chaotically organized and it is in a state of chronic deep deficit. Pensions in Ukraine are paid on the basis of more than 20 laws each having its own rules. Certain categories of pensioners benefit from the privileges, namely, a rule to retire much earlier than a retirement age established for ordinary people, which creates considerable financial pressure on the Pension Fund. In fact, a substantial share of pension payments is not related to the pensions themselves and it just represents an additional payment to one or other categories of retired people from the state budget. As a result, calculation of the pension received is non-transparent for the people and detached from the contribution, which a person pays to the Pension Fund, which transforms such contributions to the form of taxation, which the persons are actively trying to avoid. Accumulation of additional payments, additional charges and privileges undermine the financial position of the pension system and put it under a threat of bankruptcy. The pension system urgently needs bringing it in good order, unification and clear pegging of pension payment to the contributions of the people.

3. Implementation of targeted social support system. Achievement of stability of public finances requires substantial improvement of efficiency of application of the state funds, namely, funds of social spending in the first place. General social spending of the public sector for 2016 are planned at the level approximately 350 billion Ukrainian Hryvnias, which is more than one third of total spending of the state. Furthermore, only 25% of the spending for social programs is received by the persons in real need. It will be possible to achieve real and efficient social support of poor people, effectively using the funds of taxpayers only at the cost of implementation of targeted support.

II. Attractive business environment provides for implementation of a number of reforms, which allow hitting the path of sustainable economic growth.

1. Tax reform and tax administration reform. Ukraine requires building a simple, transparent, fair and forecasted tax system, which would have stimulated investments and maintained economic growth. It requires both changes into the tax system, which would have simplified it and expanded the taxation base as well as improvement of transparency and quality of administration of taxes. Tax reforms, which were carried out after the Revolution of Dignity, have already made the situation better. However, next steps still remain necessary. Furthermore, special attention will be paid to the reform of tax and customs authorities, which deal with the business the most from all other public authorities and become the object of its complaints in most cases.

2. Privatization and reform on management of state-owned enterprises. Currently there are 3,500 state-owned enterprises in Ukraine and 1,700 of such state-owned enterprises are not subject to privatization, where a number of state-owned enterprises in the European Union states is no more than 300 on average. Thus, a sector of state-owned enterprises in Ukraine is abnormally high in terms of the size. Ukrainian state-owned enterprises are often managed ineffectively and become a source of enrichment for corrupt persons. They also suffer from lack of the funds for capital investments.

Privatization of state-owned enterprises will also raising capital of private investors in the development, modernization and technical re-equipment of privatized enterprises, create additional workplaces and ensure social guarantees to the employees. It is at the cost of property privatization that Ukraine will be able to raise foreign investment needed by it badly, which will allow us restructuring and modernizing our economy.

In addition, privatization is a powerful anti-corruption measure as it eliminates possibilities for enrichment by means of using the property of the state-owned public enterprises. Strategic enterprises, which are not be subject to privatization, shall pass the reformation procedure as well as upgrading of their management system, which will allow making them efficient and competitive.

Finally, privatization is able to increase incomes of the state budget and reduce a level of the state debt.

3. Deregulation and improvement of investment environment. A low level of investments into economy, namely, a little more than 10% GDP, where a share of investments in GDP at the level of 20% to 25% is deemed to be normal, is considered a huge problem of Ukraine. Lack of capital investments of Ukrainian business and low level of inflow of foreign investments limit creation of new workplaces and restrain growth of the economy. Different restrictions, which prevent business from its development, as well as certain point problems (for example, non-refunding of VAT to exporters), which scare investors, are a good reason of such low level of investments. Cancellation of limitations by means of deregulation and solving such point problems will allow raising investments and creating new workplaces for the citizens of Ukraine, and raising investments from the EU member states will support Ukraine on its way to the European integration. Furthermore, deregulation has strong anti-corrupt effect as it reduces possibilities for bribery by officials.

4. Land reform. An effective moratorium on sale of lands of agricultural purpose of use deprived peasant of their right to the property and contain development of the agricultural

market. Implementation of the land market may become a source of powerful growth in the agricultural sector and substantially increase the level of welfare in the countryside.

5. Energy sector reformation. Energy markets of Ukraine have been monopolized and low-competitive for a long period of time in Ukraine, which limited possibilities for their development. At the same time, establishment of reduced prices for natural gas as compared with the market value boosted powerful corrupt schemes related to resale of this gas at market prices. It became possible after the Revolution of Dignity to achieve substantial progress in reformation of the sector from enactment of a new European integration law on the gas market up to implementation of a single price for gas. Further implementation of reforms will allow the Ukrainian consumers receive quality services at a competitive price and help to raise investments in the energy industry.

III. Establishment of the rule of law and counteraction to corruption. Development of anti-corruption authorities.

Organized after the Revolution of Dignity, the independent anti-corruption authorities, namely, the National Anti-Corruption Bureau, special prosecutor's office, National Agency for Prevention of Corruption, are a cornerstone of the anti-corruption reform. The Government shall thoroughly ensure functioning of the anti-corruption institutions and also implement electronic declaration of incomes for public officials. The Government sees the following most pressing assignments of the public authority in the anti-corruption sphere of anti-corruption:

- efficient implementation of the legislation and functioning of anti-corruption institutions organized after the Revolution of Dignity;
- further progress in liberalization and deregulation of the economy, privatization and improvement of transparency of public administration;
- cooperation between all branches of the power in terms of reformation of the judicial system.

Taking into consideration a special role of transparency as a mean for counteraction to corruption, the Government will implement a binding open online publication of all agreements, where public funds will be used, except for the agreement related to the sphere of defence. Without such publication neither agreement shall be deemed to be valid. Such practice was used in Slovakia with enormous success – and now Ukraine will be able to benefit from such European experience.

IV. Improvement of quality of public administration and public services

Ukraine will not be able to overcome a political and economic crisis without deed reformation of the public administration system, which institutional weakness results in extremely low efficiency of decision-making. A system of decision-making by the Government and Parliament shall be reformed. In particular, efficient cooperation between the executive and legislative power shall be ensured.

1. Decentralization. Power decentralization, which commenced immediately after the Revolution of Dignity, is, probably, the most important of all reforms Ukraine is in need for. Better understanding of local conditions and approaching decision-making directly to the

community will allow strengthening public administration and make it more open for the people.

2. Public service reform. Public administration performance indicator, which is calculated by the World Bank, is at the level characteristic of poorly developed Middle East countries and considerably falls behind the standards of the EU member states, which Ukraine is focused throughout the course of European integration. Subject to such conditions, considering huge challenges, which are put for the public administration in the war-torn country, an urgent need is the reformation of the public office in terms of improvement of its quality, review of the functions and procedures inside and between the governmental authorities as well as general improvement of efficiency of public administration.

V. State security will be **restored** by the Government both in terms of counteraction to external aggression and identification of internal threats.

Russian hybrid war against Ukraine will take place simultaneously in many areas, namely, military, political, information and others, and demand comprehensive response from our country. For the purpose of efficient counteraction to external aggression the Government will implement a set of measures in different areas intended for the following:

- diplomatic isolation of the aggressor and consolidation of international support of Ukraine;
- further strengthening of the Armed Forces of Ukraine and other military units as well as law-enforcement authorities, including special purpose law-enforcement authorities, by means of reformation of them on the basis of the principles and values applied in NATO member states.
- information reintegration of occupied territories.

These measures will result not only in repulse of the enemy but also institutional reinforcement of the Ukrainian power, namely, its armed forces and coordination of security policy.

Matrix of correlation of key areas of reforms and strategic priorities					
Reformist measures	Macroeconomic stabilization	Sustainable economic growth	Rule of law and counteraction to corruption	Quality of public administration and public services	Restoration of security
Reforming public finance management system	X			X	
Tax reform and tax service reform		X	X		
Pension reform	X				
Implementation of targeted social support system	X			X	
Privatization and reform on management of state-owned		X	X		

Matrix of correlation of key areas of reforms and strategic priorities					
Reformist measures	Macroeconomic stabilization	Sustainable economic growth	Rule of law and counteraction to corruption	Quality of public administration and public services	Restoration of security
enterprises					
Deregulation and improvement of investment environment		X	X		
Land reform		X	X		
Energy sector reform	X	X	X		
Development of anti-corruption institutions			X		
Decentralization				X	
Public service reform			X	X	
Counteraction to Russian aggression				X	X
Establishment of internal security			X		X

I. IMPROVEMENT OF PUBLIC ADMINISTRATION QUALITY

I. 1. Optimization of procedures for the development and adoption of governmental decisions

Problem statement:

A system approach to formation, implementation, monitoring and assessment of efficiency of the state policy is not available as of today. The mechanisms for preparation, approval and adoption of governmental decisions on the basis of analysis of the policy are insufficiently precise and transparent. Furthermore, the decision-making process itself is complicated and takes much time. There is a lack of coordination of the public policy, coordination between different industries and governmental program documents. The Cabinet of Ministers of Ukraine is overloaded with consideration of the issues of organizational and administrative nature, which could have been solved at the level of the ministers. We also have low efficiency and formal approach to consultations with the public and other parties concerned during the process of formation of the state policy and decision-making.

According to the indicator "Transparency of state policy formation" of the Global Competitiveness Index of the World Economic Forum Ukraine is on the 104th place among 144 countries. During the period 2002 to 2015 inclusive the Cabinet of Ministers of Ukraine managed to approve only 12 concepts for implementation of the state policy in the relevant sphere, 29 concepts and 29 strategies.

Goal:

To ensure consistency, predictability and transparency of the activities of the Cabinet of Ministers. Deconcentration of the powers of the Government and increase of responsibility of the ministries for the formation and implementation of the state policy in the spheres of their competence.

Target indicators for 2016:

- 17 precise and understandable mid-term strategies of the ministries, assessment of their performance indicators on the basis of unified standards and within the cooperation with the industry experts and civil society institutes.
- At least 30% of organizational and administrative functions are provided from the Cabinet of Ministers of Ukraine to the ministries and other executive authorities.

What has been done in a previous period:

- Draft Strategy for Reformation of Public Administration till 2020 as well as the Action Plan for implementation of it.
- Assignments and performance indicators of the Strategy are approved jointly with the EU Advisory Team for Public Administration Policy.
- Submission of draft decisions under the "emergency procedure" to the Government for consideration.

Sequence of the steps, which are planned to be taken till the end of the year:

	Steps	Clarifications, grounding	Responsible	Terms	What the implementation of this step will result in
1	Establishment	Improvement of	Minister of the	Quarter II	Predictability of

	Steps	Clarifications, grounding	Responsible	Terms	What the implementation of this step will result in
	of accurate, single requirements and methodologies for preparation of strategic documents of the state policy	strategic planning of the activities of the Cabinet of Ministers	Cabinet of Ministers of Ukraine Secretariat of the Cabinet of Ministers of Ukraine Ministry of Economic Development and Trade of Ukraine		the Government's activities for the people, business and international partners will be ensured
2	Delegation of unusual powers by the Cabinet of Ministers of Ukraine to the governmental authorities of lower level	Concentration of the work of the Cabinet of Ministers of Ukraine on strategic issues	Minister of the Cabinet of Ministers of Ukraine Secretariat of the Cabinet of Ministers of Ukraine Ministry of Justice of Ukraine	Quarters III-IV	Improvement of efficiency of management in prioritized spheres of the state policy; adoption of decisions necessary for the society will accelerate
3	Drafting governmental decisions on the basis of analysis of the policy, assessment of regulatory impact in consideration of positions of the parties concerned	Elimination of fragmentariness and lack of coordination and non-compliance of decisions of the Cabinet of Ministers of Ukraine to public expectations	Minister of the Cabinet of Ministers of Ukraine Secretariat of the Cabinet of Ministers of Ukraine Ministry of Economic Development and Trade of Ukraine State Registration Service of Ukraine	Quarters III-IV	Quality of governmental decisions will get better; they will become for predictable and focused on achievement of certain measurement results

Next key steps, which shall be taken in the medium term

It is necessary to build a mutually coordinated system of program and strategic documents of the state policy in future.

Functions of the Secretariat of the Government shall be transformed from professional expertise of draft governmental decisions made by the ministries and other central executive authorities to analysis and coordination of the policy in the relevant spheres.

I. 2. Implementation of the public service reform

Problem statement:

Public service is a key institution in the system of public administration. Thus, success of reforms in all spheres of social life depends on reforms. As of today public officials do not have sufficient motivation to work; the level of their salary is non-competitive on the labour market and inadequate from the point of view of assignments and functions performed by them. There is no appropriate assessment of the activities of public officials on the basis of their professional competence and accomplishments. Personnel management system at governmental authorities is imperfect. Public service currently existing in Ukraine is exposed to political impacts to a great extent. These and other factors do not facilitate quality and professional work of the state apparatus.

Effective 1 January 2016 a number of public officials equals approximately 250 thousand persons. Staff turnover fluctuates within 20% to 25% annually. Up to 40% of public officials receive minimum salary.

Goal:

Develop a professional, politically neutral, responsible, institute of public service oriented on the needs of the people, which encourages initiative and procures efficient implementation of the state policy.

Target indicators for 2016:

At all ministries and other governmental authorities:

- competitions have been conducted and public secretaries are appointed at the Ministries
- political and administrative positions have been separated;
- new personnel services have been organized;
- a competence model of human resources management has been implemented;
- enrollment and promotion on the service on the basis of open competition has been implemented.

What has been done in a previous period:

- In March 2015 the Cabinet of Ministers of Ukraine adopted a Resolution "On Approval of the Strategy for Reformation of Public Service and Service at Local Self-Government Authorities for a Period up to 2017";
- In December 2015 a new Law of Ukraine "On Public Service" was adopted and took legal effect on 1 May 2016;
- For the purpose of implementation of the Law of Ukraine "On Public Service" 23 regulatory legal acts, namely, 15 resolutions of the Government were adopted during a period January to April 2016.

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal:

	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
1	Forming Commission of the Senior Civil Service Appointment of the Public Secretary of the Cabinet of Ministers of Ukraine and public secretaries of the ministries on competitive basis	Ensuring professional management of the public service at governmental authorities	National public service, Cabinet of Ministers of Ukraine	Quarters II-IV	Stable and professional work of public officials will be ensured; political impact on functioning of the state apparatus will be limited
2	Formation of highly qualified and competent group of public officials, who bear critical responsibility for the development and implementation of key national reforms	Organization of "reformation teams (groups)" at the ministries and other central executive authorities	Minister of the Cabinet of Ministers of Ukraine National public service. Ministry of Finance of Ukraine, Ministry of Social Policy of Ukraine	Quarter III	Necessary changes on breakthrough and most important areas of public policy will accelerate
3	Development of a single web portal of vacancies at public authorities	Ensuring publicity and openness of competitions to fill in positions of public officials	National public service	Quarter IV	Equal access to public service for each citizen will be ensured
4.	Procuring adoption of a new version of the Law of Ukraine "On Service at Local Self-Government Authorities"	Harmonizing public service and service at local self-government authorities	National public service, Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine	Quarter IV	A foundation will be formed in order to provide executive units of territorial communities with professional management personnel

Next key steps, which shall be taken in the medium term

Full-scale implementation of the Law "On Public Service" within the period up to 1 January 2018, which is determined in its transitional provisions, including with ensuring gradual increase of the level of salary payment to public officials.

I. 3. Institutional development of the system of executive authorities and withdrawal of their non-property and duplicating functions

Problem statement:

Currently there is lack of clear division of the spheres of responsibility of central executive authorities, which generates duplication of functions or fulfillment of functions by them that are not characteristic of them, irrational use of human and financial resources resulting in weak institutional capability and inefficient organization of the system of central executive authorities.

It should be stated that mechanisms of cooperation between the ministries and central executive authorities, which are coordinated and governed by them, are insufficiently developed and non-efficient. Moreover, the level of coordination and cooperation between the departments is very low too, which results in excess load on the Cabinet of Ministers of Ukraine.

There are 64 central executive authorities operating in Ukraine, including 17 ministers and 47 other authorities (22 public services, 13 governmental agencies, 5 public inspections, 4 central governmental authorities with a special status, 3 special authorities). The Cabinet of Ministers of Ukraine directly governs and coordinates activities of 10 central executive authorities. According to the indicator "Government efficiency" of the Global Competitiveness Index of the World Economic Forum Ukraine is on the 130th place among 144 countries.

Goal:

Development of a reasonable system of central executive authorities for the purpose of elimination of functional conflicts and adjustment of efficient interdepartmental communications.

Target indicators for 2016:

- All ministries and other central executive authorities have their clear mission, area of responsibility, functions and assignments as well as performance indicators.
- Clear differentiation of powers of the ministries and other central executive authorities, which bear responsibility for the formation of policy, as well as powers of other governmental authorities.

What has already been done in a previous period:

- The Resolution of the Cabinet of Ministers of Ukraine "On Optimization of the System of Central Executive Authorities", on the basis of which 7 central executive authorities were liquidated and 12 were reorganized, was adopted.
- System functional inspections in a number of the ministries were carried out, which resulted in change of their structure and staff reduction;
- Practice of saving public officials labour payment fund when cutting a number of full-time public officials is implemented;

- A new version of the Law "On Public Service", which contains a number of requirements to the structure of governmental authorities, is adopted.

Sequence of the steps, which are planned to be taken till the end of the year:

	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
1	Bringing regulations on the ministries and other central executive authorities into conformity with the legislation, which determines their exclusive area of powers and responsibility	Ordering functions and powers in the system of executive branch of the power	Minister of the Cabinet of Ministers of Ukraine Secretariat of the Cabinet of Ministers of Ukraine Interdepartmental work group National public service	Quarter IV	Governmental authorities will be deprived of non-characteristic, excess and corrupt functions
2	Reorganization of apparatuses of all executive authorities for the purpose of bringing its organizational structures and quantity into conformity with the functional load	Optimization of working processes at executive authorities	Ministries Other central executive authorities National public service	Quarters III-IV	A number of public officials will be reduced; unnecessary administrative units will be dissolved
3	Establishing clear order of reporting of central executive authorities	Improving efficiency of the work of executive authorities	Minister of the Cabinet of Ministers of Ukraine Secretariat of the Cabinet of Ministers of Ukraine	Quarter II	Governmental authorities will report on results of their work systematically

Next key steps, which shall be taken in the medium term:

Development of a new version of the laws "On the Cabinet of Ministers of Ukraine" and "Central Executive Authorities", independent implementation of such laws.

I. 4. Implementation of electronic exchange of the documents and electronic cooperation between governmental authorities

Problem statement:

Non-availability of an automated electronic cooperation between the governmental authorities and online access to state registers is one of the main obstacles on the way to improvement of both efficiency and promptness of the work of governmental authorities, simplification of rendering administrative services and of red tape reduction of service rendering to the people and business.

Today, electronic cooperation in Ukraine is being developed by creating individual interactions "point-to-point" on the basis of different rules and approaches.

Goal:

Improvement of efficiency and promptness of the work of governmental authorities by means of implementation of interdepartmental document turnover and automated exchange of information between registers.

Target indicators for 2016:

Ensuring electronic exchange of organizational and management documents of the central executive authorities and connection to electronic cooperation of prioritized state registers (approximately 60).

What has already been done in a previous period:

- Draft Law of Ukraine "On Electronic Cooperation" has been developed;
- Pilot project regarding electronic cooperation in the migration area to work through the unified approaches and rules has been implemented;
- A system of interdepartmental electronic document turnover has been upgraded and more than 80 governmental authorities have been connected.

Sequence of the steps, which are planned to be taken till the end of the year

	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
1	Approval of the Law of Ukraine "On Electronic Cooperation"	Legislative provision of implementation of electronic cooperation	State Agency for E-Governance	Quarter IV	Allows connecting prioritized state registers
2	Connection to electronic cooperation of prioritized state registers (10-15)	Improving efficiency of the work of governmental authorities	State Agency for E-Governance	Quarters III-IV	Automated data exchange with prioritized registers
3	Development of interdepartmental electronic document	Improving efficiency of the work of governmental	State Agency for E-Governance	During a year	Approval of acts by the Cabinet of Ministers of Ukraine exclusive

	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
	turnover system	authorities			in e-form

Next key steps, which shall be taken in the medium term

Connection to electronic cooperation of all prioritized registers

I. 5. Transferring prioritized administrative services to electronic form

Problem statement:

Current situation in Ukraine concerning provision of public services is characterized by low accessibility, non-transparency, closeness for the parties applying for them and requires immediate reformation. Ordering and optimization of public services and a stage-by-stage implementation of their provision in the electronic form are the best way of such reformation.

The main requirement of requesting parties is provision of accessible and transparent, safe and non-corrupt, less costly, quick and convenient, understandable and forecasted public services, which is efficiency ensured by means of implementation of electronic services.

During the period 2014 to 2015 the first pilot electronic services (approximately 10) were implemented in Ukraine in the field of construction, land relations and access to the registers. Ukraine is on 122nd place according to the rating of the UN on development of electronic services.

Goal:

Implementation of provision of prioritized administrative services in electronic form according to the list of 20 basic public services of the EU (most popular, socially important and risky services from the point of view of corruption) before 2018 (approximately 50 to 60 e-services).

Target quantitative indicators for 2016:

10 to 15 e-services have been implemented.

What has already been done in a previous period:

Pilot electronic services have been implemented:

- 4 e-services in the area of construction (more than 1,000 e-services have been provided);
- 3 e-services in the area of land (more than 40 thousand e-services have been provided);
- Access to state registers of the Ministry of Justice of Ukraine (more than 800 thousand e-abstracts)

Sequence of the steps, which are planned to be taken till the end of the year

	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in

	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
1	Approval of the Concept for development of e-services	Forming a unified approach and determination of the list of prioritized services	State Agency for E-Governance, Ministry of Economic Development and Trade of Ukraine	Second quarter	Determination of goals and assignments for development of e-services
2	Implementation of prioritized e-services (10 to 15)	Most popular and socially important	State Agency for E-Governance, Ministry of Economic Development and Trade of Ukraine, Ministry of Justice of Ukraine, State Service of Geodesy, Cartography and Cadastre of Ukraine, State Architectural and Construction Inspection of Ukraine, Ministry of Social Policy of Ukraine	Quarters III-IV	Improvement of quality of servicing people and business, liquidation of corrupt threats
3	Development of a single portal of electronic services	Provision of all e-services on basis of one-stop-shop principle	State Agency for E-Governance, Ministry of Economic Development and Trade of Ukraine	Quarters III-IV	Improvement of convenience and accessibility of e-services

Next key steps, which shall be taken in the medium term

A step-by-step implementation of all prioritized electronic services, transition of all most popular, socially important and services potentially risky from the point of view of corruption into electronic form.

I. 6. Publication of state information in the format of open data

Problem statement:

Currently many countries of the entire world do their utmost in order to use potential of the open data to increase efficiency of management decisions made, fighting corruption as well as for the purpose of receiving social, economic and environmental privileges, provision of quality services and development of innovation business. According to a general world concept all data accumulated by a state should be publicly available for the people with the right of free further use of such data, including in commercial projects.

Ukraine is now only on the 122nd place according to the rating of the UN on development of electronic services, 54th place according to Global Open Data Index 2015 and 62nd place according to Open Data Barometer 2015.

Goal:

Improvement of openness and efficiency of the work of governmental authorities and stimulating innovation business by publication of state information in the form of open data.

Target indicators for 2016:

- opening at least 3,000 datasets before the end of April 2016;
- organization of national competition and implementation of at least 10 projects on the basis of open data.

What has already been done in a previous period:

- In April 2015 the Law of Ukraine on development of open data was approved;
- In October 2015 the Resolution of the Cabinet of Ministers of Ukraine, which approved the procedure for publication of open data, as well as the list of prioritized datasets for publication, was approved;
- In 2015 a single state we portal of open data was implemented; first sets of the state information were opened in the same year; moreover, a road map for the development of the open data was implemented in 2016;
- Over 1,500 datasets of more than 200 information administrators were published

Sequence of the steps, which are planned to be taken till the end of the year

	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
1	Publication of at least 3,000 sets of open data	Prioritized datasets according to a social request	State Agency for E-Governance, central executive authorities	During a year	Improving transparency of the power and formation of a source for the development of projects
2	Development of a portal of open data	Development of the functional of the portal for efficient access to the data	State Agency for E-Governance	Quarters III-IV	Improvement of quality and accessibility of open data
3	Conduct of a national competition of	Development of demand and readiness for use	State Agency for E-Governance	During a year	Support of at least 10 best projects

	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
	projects in the area of open data	of open data,			

Next key steps, which shall be taken in the medium term

Opening further prioritized data and forming demand for such data in the society and business environment

I. 7. Developing conditions for the formation of capable territorial communities

Problem statement:

The existing system of local self-government does not satisfy the needs of the society. Functioning of local self-government authorities in majority of territorial communities does not procure development and maintenance of favourable life environment, provision of high-quality and accessible administrative, social and other services (hereinafter referred to as the "public services"). Communities are deprived of an opportunity to have powers to manage the lands.

Effective 1991 a number of rural population decreased by 2.5 million persons and a number of rural inhabited settlements decreased by 348. Along with that a number of rural councils increased by 1,067 units. As of the beginning of 2015 approximately 12 thousand territorial communities existed in Ukraine. Where: in more than 6 thousand ones a number of population makes less than 3 thousand persons, in 4,809 communities – less than 1 thousand persons, and in 1,129 communities – below 500 persons. In majority of them no executive authorities of the relevant rural councils are organized; there are no budget institutions, utility enterprises, etc.

Goal:

Before the end of 2016 the main assignment is to support the development of united communities with organizational, financial and other resources. Optimization of legal regulation in the sphere of governmental control over the use and protection of lands.

Target indicators for 2016:

Unite more than 7% of a total number of local councils of the basic level.

What has already been done in a previous period:

- During the period January to March 2016 an increase in proceeds to the general fund against the period January to March of a previous year was 46.0% or +9.5 billion Ukrainian Hryvnias.
- The Government has approved 23 Perspective Plans for Formation of the Territories of Communities in Oblasts (excluding Zakarpattia Oblast) developed and adopted.
- 159 voluntarily united territorial communities, which include 794 councils, were organized during 2015.

- On 25 October 2015 the first local elections in all of 159 united territorial communities, which received direct inter-budgetary relations with the state budget effective 1 January 2016, were conducted.
- In 2016 the first local elections were conducted in 2016 in 13 voluntarily united territorial communities, which included 53 councils. Therefore, currently there are 172 voluntarily united territorial communities, which include 847 village, settlement and town councils.
- More than 100 village headmen have been elected
- The Geoportal of Administrative-Territorial System of Ukraine in trial mode with free access

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal:

No.	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
1.	Strengthening financial and material capability of united territorial communities				
FORMATION AND SUPPORT AND UNITED TERRITORIAL COMMUNITIES					
	Adjustment and approval of perspective plans of capable communities of oblasts, solving of the issues on associations within several districts, selection of headmen and simplification of procedures	Necessity to create legal grounds to continue formation of capable communities by means of voluntary association in the most reasonable configuration	Ministry of Regional Development, Construction and Housing and Communal Services, oblast state administrations and other central executive authorities concerned with the participation of all-Ukrainian associations of local self-government authorities	During the year	formation of capable communities
OPTIMIZATION OF TERRITORIAL ORGANIZATION OF EXECUTIVE AUTHORITIES					
	Provision of organizational and methodological support to united territorial communities in drafting and implementation of	The necessity to improve quality of drafting projects for the development of infrastructure of united territorial communities and	Ministry of Regional Development, Construction and Housing and Communal Services, oblast state	during a year	Determination on competitive basis of the projects for the development of infrastructure of united territorial communities on

No.	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
	the projects for development of their infrastructure	professional drafting of the relevant project applications	administrations		the basis of the relevant project applications
	Settlement of the procedure for solving of the issues of administrative and territorial structure of Ukraine, optimization of the system of territorial organization of the power of non-governmental authorities	Necessity to improve the mechanism for solving of the issues of administrative and territorial structure for placement of the bodies of public power. It is proposed to develop draft of the Law of Ukraine "On the Basis and Procedure of Solving Issues of Administrative and Territorial Structure", Concept for optimization of the system of territorial organization of the power of public authorities	Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine, Ministry of Economic Development and Trade of Ukraine, Ministry of Finance of Ukraine, State Service of Geodesy, Cartography and Cadastre of Ukraine, Ministry of Justice of Ukraine, other central and local executive authorities concerned with the participation of all-Ukrainian associations of local self-government authorities.	Quarter III	Development of preconditions for the formation of capable communities and districts
STRENGTHENING RESOURCE BASE OF COMMUNITIES – FINANCIAL, LAND, INFRASTRUCTURE					
<i>IMPROVEMENT OF LAND RELATIONS AT TERRITORIAL COMMUNITIES</i>					
	Assignment of the powers to local self-government authorities, optimization of a	The necessity to stop further scattering of the powers between different local	Ministry of Regional Development, Construction and Housing	First half of 2016	Implementation of a principle of universal jurisdiction of local self-

No.	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
	number of land administrators, implementation of the mechanisms for control over use of the lands	self-government authorities and executive authorities in terms of the issues related to management of the lands outside inhabited settlements and state control over use of the land	and Communal Services of Ukraine, State Service of Geodesy, Cartography and Cadastre of Ukraine, Ministry of Economic Development and Trade of Ukraine, Ministry of Finance of Ukraine, Ministry of Agrarian Policy and Food of Ukraine, Ministry of Justice of Ukraine, other central executive authorities concerned with the participation of all-Ukrainian associations of local self-government authorities.		government authorities within the land relations
ACCESSIBILITY AND QUALITY OF ADMINISTRATIVE AND UTILITY SERVICES					
<i>Development and ensuring activities at the communities of the centers for administrative services</i>					
	Ensuring provision of local self-government authorities with the powers on provision of administrative services by the centers for administrative services in terms of	Necessity to ensure cooperation of central executive authorities and bodies and local self-government authorities for the purpose of transferring	Ministry of Economic Development and Trade of Ukraine, Ministry of Justice of Ukraine and others concerned	During a year	Improvement of quality and approaching administrative and other public services to consumers

No.	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
	the following: issue of a passport of the citizen of Ukraine, driver's license, state registration of vehicles, etc. Forming a network of centers for administrative services and remote workplaces (for headmen)	powers on provision of administrative services by centers for administrative services	central and local executive authorities with the participation of all-Ukrainian associations of local self-government authorities.		
STRENGTHENING OF SERVICE AND IMPROVEMENT OF RESPONSIBILITY OF LOCAL AUTHORITIES					
	Ordering of the labour payment system at local self-government authorities	Necessity to decide on problem issues of labour payment at united territorial communities	Ministry of Finance of Ukraine, other central executive authorities with the participation of all-Ukrainian associations of local self-government authorities.	First half of the year	Ordering of costs and level of labour payment at local self-government authorities
	Strengthening responsibility of officials and local self-government authorities for making decisions that violate legislation and Constitution of Ukraine	Necessity of legislative implementation of the mechanisms on strengthening responsibility of officials and local self-government authorities for making decisions that violate legislation and Constitution of Ukraine	Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine, Ministry of Justice of Ukraine, other central executive authorities with the participation of all-Ukrainian associations of	Quarter III	Prevention of illegal decision-making

No.	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
			local self-government authorities.		
PUBLIC AND GOVERNMENTAL CONTROL OVER ACTIVITIES OF LOCAL AUTHORITIES					
	Improvement of the mechanisms of state control over the activities of officials and local self-government authorities, in particular, in terms of management of budgetary funds, municipal property and land resources	Necessity to strengthen responsibility of officials and local self-government authorities for decision-making against communities and improvement of the mechanisms of state control	Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine, Ministry of Justice of Ukraine, other central executive authorities with the participation of all-Ukrainian associations of local self-government authorities.	Quarter III	Procuring openness and transparency of the power and involvement of the public in decision-making by local self-government authorities

Next key steps, which shall be taken in the medium term

Support of further association of territorial communities, foundation of centers for administrative services at oblast territorial communities and remote workplaces

Maintenance of the process of amending the Constitution of Ukraine

Development of a package of legislation with regard to decentralization arising from amendments to the Constitution:

- "On the Basis of Solving of the Issues of Administrative and Territorial Structure of Ukraine"
- "On Local Self- Government of Ukraine" (new version)
- "On Prefects"
- Participation in finishing and adoption in the second reading by the Verkhovna Rada of Ukraine of the draft Law of Ukraine "On Amending Certain Legislative Acts of Ukraine on Expansion of Powers of Local Self-Government Authorities on Management of Land Resources and Strengthening Control of Use and Protection of Lands" (registration number 4355 dated 31 March 2016).

I. 8. Division of powers between local self-government authorities and executive authorities (institutional reform)

Problem statement:

An urgent issue of division of the powers of local self-government authorities and executive authorities at different levels of administrative and territorial structure on the basis of the principle of regime remains unsolved. Local self-government authorities shall assign powers, first of all, in the following areas: education, healthcare, social security and protection of public order.

Goal

Provision of inhabitants of a community with accessible and quality services

Target indicators:

Formation of optimal system of educational, healthcare and social protection institutions, district inspectors. Formation of subvention for healthcare, education at primary level based on the calculation of standards of budget sufficiency;

What has already been done in a previous period:

The Concept for reformation of local self-government and territorial organization of the power s well as the Action Plan on implementation of it has been approved. A draft law "On Municipal Guard" has been adopted in the first reading (registration number 2890 dated 18 May 2015).

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal

No.	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
CONDUCT OF SECTOR DECENTRALIZATION:					
	<i>in the sphere of education</i>				
	Identification of clear criteria for division of the powers of local self-government authorities at the level of communities, districts, oblasts and facilitation of territorial communities (united territorial communities in the first place) in formation of an optimal network of	Necessity to improve a mechanism for solving the issues related to identification of the powers and responsibility of local self-government authorities at the level of territorial communities, districts, oblasts of formation of an optimal network of	Ministry of Education and Science of Ukraine, Ministry of Regional Development, Construction and Housing Services of Ukraine, oblast state administration s, other central executive authorities	First half of the year	Ensuring high level of rendering educational services

No.	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
	educational institutions	educational institutions, including Hub school	concerned with the participation of all-Ukrainian associations of local self-government authorities		
	Improvement of a formula for calculation of educational subvention, approval of a methodology for calculation of a cost of service rendering in the area of education at a basic level	Necessity to approve regulations, implementation of fair distribution of the funds for maintenance of one pupil at an educational institution in spite of the place of studying	Ministry of Education and Science of Ukraine, Ministry of Finance of Ukraine, oblast state administrations and other central executive authorities concerned with the participation of all-Ukrainian associations of local self-government authorities	First half of the year	Ensuring high level of rendering educational services
	Organization of hub schools on the basis of perspective plans approved	Necessity to approve regulations, implementation of fair distribution of the funds for maintenance of one pupil at an educational institution in spite of the place of studying	Ministry of Education and Science of Ukraine, oblast state administration, Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine	Quarter III	Ensuring high level of rendering educational services
	<i>in the sphere of</i>				

No.	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
	<i>healthcare</i>				
	Identification of clear criteria for division of the powers of local self-government authorities at the level of communities, districts, oblasts and facilitation of territorial communities (united territorial communities in the first place) in formation of an optimal network of healthcare facilities	Necessity to implement fair division of the funds for the maintenance of one patient of healthcare facilities	Ministry of Healthcare of Ukraine, Ministry of Finance of Ukraine and other central executive authorities concerned with the participation of all-Ukrainian associations of local self-government authorities	First half of the year	Procuring high level of rendering medical services of healthcare facilities and forming optimal network of healthcare facilities, namely, at united territorial communities
	Improvement of a formula for calculation of subvention in the sphere of healthcare on the basis of grounded regulations, approval of a methodology for calculation of a cost of rendering services in the sphere of healthcare at a basic level	Improvement of a formula for calculation of subvention in the sphere of healthcare on the basis of grounded regulations is necessary for the purpose of determination of a volume of funds required for these goals in the State Budget for each next year	Ministry of Healthcare of Ukraine, Ministry of Finance of Ukraine and other central executive authorities concerned with the participation of all-Ukrainian associations of local self-government authorities	First half of the year	Ensuring high level of rendering medical services of healthcare facilities
	<i>in the sphere of social protection</i>				
	Procuring direct communication between social benefits as well as sources and mechanism for reimbursement of a cost to providers	Necessity to implement optimal division of the funds and targeted provision of all types of preferential	Ministry of Social Policy of Ukraine, Ministry of Finance of Ukraine and others concerned	November	Transition to targeted provision of all types of preferential services, improvement of their quality

No.	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
		services	central and local executive authorities with the participation of all-Ukrainian associations of local self-government authorities.		
	Approval in a descriptive and monetary terms of social standards on each of the powers delegated by the state to local self-government calculated based on an average administrative and territorial unit, subject to determination of a minimum and maximum value of such standards depending on the volumes of financial resources	Necessity to determine standards on each of the powers delegated by the state to local self-government calculated based on an average administrative and territorial unit	Ministry of Finance of Ukraine, Ministry of Education and Science of Ukraine, Ministry of Healthcare of Ukraine, Ministry of Social Policy of Ukraine, other central executive authorities according to their competence.	June	Improvement of quality of rendering social services
	<i>in the sphere of public order protection</i>				
	Increase of capacity of communities in the sphere of public order protection	Necessity to provide local self-government authorities with the mechanisms for implementation of their powers in the field of ensuring law and order.	Ministry of Internal Affairs of Ukraine, Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine and other central	During a year	implementation of district police officers at territorial communities (first of all, 159 united territorial communities)

No.	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
			executive authorities		

Next key steps, which shall be taken in the medium term

Unblocking of a possibility to finance healthcare at a basic level at united territorial communities (adoption of a relevant order of the Ministry of Healthcare of Ukraine about primary care centers);

Calculation and formation of subvention for healthcare and provision of services in the sphere of education at a basic level;

Approval of a methodology for formation of hospital districts (resolution of the Cabinet of Ministers of Ukraine);

Forming a network of hub schools;

Approval in monetary terms of social standards on each of the powers delegated by the state to local self-government calculated based on an average administrative and territorial unit;

Development of conditions for the formation of a network of district police officers at united territorial communities

I. 9. Reform of governmental and strategic communications and communication support of reforms of the Government

Problem statement:

Current system of governmental, strategic and crisis communications of public authorities is ineffective, slow and yield to the times – often it does not match rapid changes of the agenda. Furthermore, the following is missing: consistent communication of the Government with the population in terms of the reforms; complex approach to social information campaigns; internal communication of governmental authorities with regard to common goals.

Goal:

Develop a transparent efficient system of governmental communications, which will implement goals of the state in coordination within the framework of a determined agenda. Such system will successfully implement communication with the people with regard to reforms of the Government, deliver peculiarities and specifics of one or another measures of the Cabinet of Ministers of Ukraine. Moreover, within the framework of improving country's defensive capacity it is expected to implement the Strategic Communications Partnership Road Map between Ukraine and NATO.

Target indicators for 2016:

- implement three pilot projects regarding a single office of communications at the ministries and central executive authorities
- conduct five comprehensive communication campaigns to support key reforms of the Government for the purpose of delivering their specifics to the population: decentralization, energy efficiency, electronic services for the population, education and medicine reforms

What has already been done in a previous period:

- Existing draft reforms of governmental communications have been analyzed and the training program has been implemented;
- Comprehensive campaigns of the first stage of decentralization, energy efficiency, online services for the population, support of contract service have been implemented;
- Funds of donors are raised for the conduct of campaigns with an audience covered to maximum extent.

Sequence of the steps, which are planned to be taken till the end of the year:

	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
1.	Pilot implementation of three systems of a single office of governmental communications	Necessity to implement a unified approach to public communications	Ministry of Information Policy of Ukraine, other central executive authorities	Quarters II-III	Implementation of the project in real life
2.	Implementation of a unified system of monitoring and analytics for all governmental authorities	Possibility of centralized tracking of results and assessing efficiency of activities of governmental authorities	Ministry of Information Policy of Ukraine	Quarter III	Saving state funds
3.	Conduct of five comprehensive communicative social campaigns: decentralization, energy efficiency, electronic services for the population, education reform and healthcare reform	Support of reforms by the Government	Ministry of Information Policy of Ukraine	during a year	Maximum expansion of the relevant information about reforms of the Government, peculiarities of reforms, quality changes to the public

Next key steps, which shall be taken in the medium term:

Implementation of the project of Unified Government Communication Office; approval of a communication strategy of the Government or 2017; conduct of communication campaigns on other reforms of the Government.

II. MACROECONOMIC STABILIZATION AND SUSTAINABLE ECONOMIC GROWTH

II. 1. Budget reform

Problem statement:

A system of budget planning of poor quality, which currently exists in Ukraine, makes budget policy non-forecasted for a period exceeding one year, creates danger of growth of the deficit of the state budget and state debt and also creates obstacles for efficient utilization of the funds. The main administrators plan their expenses for a period of one year without understanding of the medium term perspectives, in fact, as an adjusted copy of the budget for a previous year, without a clear determination of priorities and goals of one or other expenses.

Implementation of a medium term budget planning will make a budget policy more forecasted, ease maintenance of the state budget deficit at a safe level and reduce the state debt. It will also provide the public and business with the information regarding the goals of the state policy, which the funds will be disbursed for in the short-run, as well as public services, which the state intends to render within this period of time, and their volume.

State budget deficit indicators 2015 to 2016

	2015		2016
	<i>plan</i>	<i>actual</i>	<i>plan</i>
<i>Deficit, % GDP</i>	4.1	2.3	3.7

Goal:

Ensure financial stability at the cost of more consistent and forecasted budget policy in the medium term, strengthen budget discipline, improve efficiency of planning budget expenses. As a consequence, quality and efficiency of public services for the people will increase – the citizens will get greater effect than the one they have now per each Ukrainian Hryvnia spent from the budget.

Target indicators for 2016:

State budget deficit:

2017 – 3% GDP;

2018 – 2.5% GDP;

2019 – 2.3% GDP

What has already been done in a previous period:

Conditions to improve sustainability of the state budget were developed in 2015: amendments were made to Article 52 of the Budget Code of Ukraine in terms of limiting a number of amendments to the state budget during a year; orders of the Ministry of Finance are made in order to procure interconnection between priorities of the state policy determined by strategic (program) documents of the state and budget documents (budget requests and passports of budget programs).

In 2016 it was for the first time that budgetary targets were determined for two budgetary periods following the planned one in the draft Key Areas of Budget Policy for 2017, which shall become the basis for formation of the draft state budget for 2017 and forecast of the state budget for 2018 and 2019.

Sequence of the steps, which are planned to be taken till the end of the year:

	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
1	Ensuring improvement of efficiency of expenses	The main fund administrators shall analyze costs and ensure efficiency of their distribution and spending on permanent basis	Main fund administrators	Quarter III	Procuring more efficient planning and distribution of expenses of the state budget for prioritized areas by the main fund administrators
2	Identification of a clear view of the consequences of reforms and inclusion of measures on implementation of them into Key Areas of Budget Policy and Budget Requests	The main fund administrators shall develop clear short-term and strategic plans, which shall become the basis for budget planning; The main fund administrators shall develop a consistent policy in a certain area	Main fund administrators	Quarters II-III	Development of strategic plans by the main fund administrators according to which it will be seen that the funds are planned to be distributed to the ministries and departments in the medium term
3	Approval of the medium term strategy of the state fund management		Ministry of Finance of Ukraine	Quarter III	The medium term strategy of the state fund management has been approved
4	Formation of a balanced budget on the basis of the principle of "from the first hryvnia" in consideration of conduct of industry reforms	The main fund administrators shall procure the following: strengthening of justification of expenses; concentration of the funds in prioritized areas (reforms).	Ministry of Finance of Ukraine, main fund administrators	Quarters II-IV	Formation of a balanced draft state budget for 2017 inconsideration of conducting industry reforms
5	Formation of a	Determination of	Ministry of	Quarter IV	Approaches to

	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
	model of the medium term budget planning	key approaches of the medium term budget planning taking into consideration best European practices (with the participation of international experts, namely, the European Union); Development of consequent steps (calendar plan) for the implementation of the medium term budget planning	Finance of Ukraine		the formation of a model of the medium term budget planning

Next key steps, which shall be taken in the medium term:

Steps	Clarifications, grounding	Responsible	Deadlines (quarter)
Amending the Budget Code	<ul style="list-style-type: none"> - implementation of a three-year Budget Declaration; - clarification of a calendar scheduled plan of budget preparation; - establishment of three-year limits of expenses for the main fund administrators - implementation of a complete system of planning and assessment of fulfillment of the state budget on the basis of results, namely, effective performance indicators of rendering public services 	Ministry of Finance of Ukraine	Quarter IV 2017
Implementation of the medium term budget planning (draft Budget Declaration 2019 to 2021)	According to the assignments, which are set forth in the Memorandum of the International Monetary Fund, a medium term planning shall be implemented effective 2018	Ministry of Finance of Ukraine	Quarter II 2018

II. 2. Reforming tax system

Problem statement:

To raise investments and improve economic growth the Ukrainian tax system requires further simplification as well as increase of transparency and quality of tax administration. Special attention should be paid to counteraction to outflow of the funds to offshore zones, which results in substantial losses of budget incomes, and procuring transparent refunding of VAT, which is critical for the business.

Ukraine managed to improve its place in Doing Business 2016 by 13 positions as compared with a previous year by landing on the 83rd place among 189 countries of the world. However, Ukraine is on the 107th place according to the "taxation" indicator.

Goal:

Make investment capital in Ukraine better at the cost of simplification of the tax system and administration of taxes, which will positively impact the economic growth, raising of investments and organization of new workplaces.

Counteraction to evasion of taxation by means of offshore jurisdictions and fighting corrupt schemes where offshore zones are used.

Adaptation of the national legislation to the EU legislation.

Target indicators for 2016:

It is expected to adopt the relevant laws and necessary bylaws till the end of 2016.

What has already been done in a previous period:

- The rate of a single social contribution has been reduced from 41% up to 22% and withholding of a single social contribution in the amount of 3.6% from salary of the workers is cancelled;
- A single basic rate of the personal income tax has been established in the amount of 18% (instead of two rates of 15% and 20%);
- A new procedure for the refunding of VAT has been implemented – in chronological order, according to the order of priority of submitting refunding applications; publication of the registers of VAT refunding applications has been implemented on the website of the State Fiscal Service;
- Rental rates for use of subsoil for the production of natural gas for the needs of the industry and needs of the population have been reduced.

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal:

	Steps	Clarifications, justification	Responsible	Terms (quarter)	What implementation of this step will bring
1	Develop draft	Implementation	Ministry of	Quarter III	Ensuring

	Steps	Clarifications, justification	Responsible	Terms (quarter)	What implementation of this step will bring
	Law of Ukraine "On Amending Tax Code of Ukraine on Refunding of the Value Added Tax"	of a unified public Register of VAT Budgetary Refunding Applications	Finance of Ukraine State Fiscal Service of Ukraine Ministry of Economic Development and Trade of Ukraine Ministry of Justice of Ukraine	2016	transparent VAT refunding, ensuring equal possibilities for the receipt of budgetary refunding of VAT
2	Develop draft amendments to the Tax Code of Ukraine on removal of existing gaps in administration of the value added tax	Settlement of existing inconsistencies and gaps of the Tax Code of Ukraine in administration of the value added tax	Ministry of Finance of Ukraine State Fiscal Service of Ukraine Ministry of Justice of Ukraine	Quarter III 2016	Protecting rights of taxpayers by means of improvement of regulations with ambiguous interpretation
3	Develop draft amendments to the Tax Code of Ukraine on fixing legal importance of the actions, which are performed by taxpayers with the use of electronic service "E-cabinet of taxpayer".	Rights of a taxpayer to use the service "E-cabinet of taxpayer" shall be guaranteed by law.	Ministry of Finance of Ukraine State Fiscal Service of Ukraine Ministry of Justice of Ukraine	Quarter III 2016	Transition to electronic cooperation of taxpayers and the State Fiscal Service of Ukraine
4	Amending the Order of the Ministry of Finance on Approval of the Forms and Procedure for Filling and Submission of Tax Reporting on Value Added Tax	Simplification of the procedure for drafting of a value added tax return, exclusion of unnecessary information	Ministry of Finance of Ukraine State Fiscal Service of Ukraine Ministry of Justice of Ukraine	Quarter II 2016	Reduction of time for filling of a value added tax return

	Steps	Clarifications, justification	Responsible	Terms (quarter)	What implementation of this step will bring
5	Develop draft Law of Ukraine "On Amending Item 5 Chapter II "Final Provisions" of the Law of Ukraine "On Amending Tax Code of Ukraine and Certain Legislative Acts of Ukraine on Ensuring Balance of Budget Proceeds in 2016"	Provide for cancellation of Item 5 of "Final Provisions" of the Law of Ukraine No. 909 according to which the Cabinet of Ministers of Ukraine is granted powers to set minimum wholesale and selling as well as retail prices for tobacco products	Ministry of Finance of Ukraine Ministry of Economic Development and Trade of Ukraine Ministry of Justice of Ukraine	Quarter II 2016	Bringing the national legislation into conformity with the provisions of the EU Council Directive 2011/64/EU of 21 June 2011
6	Develop a plan and program for improvement of awareness of taxpayers regarding a possibility of submission of unified reporting on a single social contribution and personal income tax as well as payment of them as a total amount.	Coordination of the databases of a single social contribution and personal income tax as well as a possibility to submit reporting on single social contribution and personal income tax and payment of them as a total amount.	Ministry of Finance of Ukraine State Fiscal Service of Ukraine Ministry of Economic Development and Trade of Ukraine Ministry of Justice of Ukraine	Before the end of September 2016	Improvement of observance of requirements on payment of a single social contribution Easing administration of a single social contribution for the business by means of submission of unified reporting on personal income tax. Procuring implementation of provisions of the Memorandum of the International Monetary Fund.
7	Develop a draft law on amending Tax Code of Ukraine in terms of taxation with excise tax on energy products	Inclusion of coal and natural gas in the list of excisable goods with a zero tax rate	Ministry of Finance of Ukraine State Fiscal Service of Ukraine Ministry of	Gradually, according to future needs of Ukraine in the sphere of environment al protection	Bringing the national legislation into conformity with the provisions of the EU Council Directive

	Steps	Clarifications, justification	Responsible	Terms (quarter)	What implementation of this step will bring
			Justice of Ukraine	and energy efficiency	2003/96/EU of 27 October 2003 on restructuring of the system of the Community regarding taxation of energy products and electrical energy
8	Maintenance at the Verkhovna Rada of Ukraine of the draft Law of Ukraine "On Amending Tax Code of Ukraine on Minimization of Impact on Administration of Proceeds to the State Budget" (registration number 4516 dated 22 April 2016)	The draft law provides for establishment of a homogeneous system of administrative claiming of monetary obligations by taxpayers	Ministry of Finance of Ukraine State Fiscal Service of Ukraine Ministry of Justice of Ukraine	Before enactment of a relevant law	Simplification and improvement of the procedure for administrative claiming of decisions made by supervisory authorities for business
9	Develop a draft law on improvement of the procedure of appealing financial liabilities by taxpayers	Provide for a collegiate consideration of claims regarding a substantial amount of financial liabilities of taxpayers and implement a procedure of mediation when considering claims	Ministry of Finance of Ukraine State Fiscal Service of Ukraine Ministry of Justice of Ukraine	Quarter III 2016	Procuring transparency and impartiality of consideration of claims submitted by taxpayers, increase of receipt of taxes to the state budget
10	Develop draft Law of Ukraine "On Amending Tax Code of Ukraine on Strengthening	Implementing step 13 of BEPS Plan in the tax legislation – implementation of a three-level	Ministry of Finance of Ukraine State Fiscal Service of Ukraine	Quarter III 2016	Ensuring efficient counteraction to dilution of the tax base and outflow of the funds to foreign

	Steps	Clarifications, justification	Responsible	Terms (quarter)	What implementation of this step will bring
	Control Over Transfer Pricing"	structure of the transfer pricing documentation.	Ministry of Economic Development and Trade of Ukraine Ministry of Justice of Ukraine		countries, namely, low-tax jurisdictions.
11	Provision of generalizing clarifications by the Ministry of Finance of Ukraine with regard to disputable issues of the tax legislation for the purpose of eliminating uncertainty and prevent from "trade" in individual tax consultations.	Current ambiguous interpretation of provisions of the tax legislation brings to the disputes between taxpayers and the State Fiscal Service of Ukraine	Ministry of Finance of Ukraine State Fiscal Service of Ukraine Ministry of Justice of Ukraine	Quarter III	Ensuring unambiguity of application of the tax legislation
12	Submission of the draft law on authorized economic operators to the Cabinet of Ministers of Ukraine for review	Status of an authorized economic operator shall be understood as the highest degree of trust of the customs to a company and, consequently, the largest list of privileges and simplifications of customs procedures for a company.		Quarter II	It will allow giving substantial simplifications of customs formalities for the companies with high degree of trust and making foundation for future mutual approval of the status of authorized economic operators by customs authorities of Ukraine as well as authorities of

	Steps	Clarifications, justification	Responsible	Terms (quarter)	What implementation of this step will bring
					the EU member states for the purpose of participation of Ukrainian authorized economic operators of safe branches of goods supply according to the requirements of the Framework of Standards of the World Trade Organization.

Next key steps, which shall be taken in the medium term:

As soon as the aforementioned laws and bylaws enter into force the State Fiscal Service of Ukraine will demand export support for practical implementation of the legislation in compliance with the European practice.

Practical application of provisions on control of transfer pricing will require professional and trained personnel both at the central level of the State Fiscal Service of Ukraine and regional level.

II. 3. Reform of the State Fiscal Service of Ukraine

Problem statement:

Incompleteness of the reform of the State Fiscal Service of Ukraine negatively impacts efficiency of the work of the service and administration of tax proceeds as well as quality of the work with taxpayers, business environment as a whole. The State Fiscal Service of Ukraine requires further optimization of its structure, minimization of contacts between tax officers and taxpayers, improvement of efficiency of analytical work of the service.

As of the end of 2015 a number of the employees of the State Fiscal Service of Ukraine equaled approximately 58 thousand full-time employees.

Goal:

Complete a comprehensive reform of the State Fiscal Service of Ukraine. Optimization of processes at the State Fiscal Service of Ukraine will enable to increase its efficacy, minimize contacts of the service personnel with the business in order to reduce a corruption component. Efficient analytical work will allow decreasing load of tax inspections together with simultaneous increase of capability of the State Fiscal Service of Ukraine to counteract tax evasion.

Reform will result in the fact that taxpayers will get reduction of their time spent on cooperation with tax officers and it will also considerably decrease possibilities for bribery by tax officers. Optimization of the structure of the service and reduction of a headcount will allow saving budget funds spent on the State Fiscal Service of Ukraine.

Target indicators for 2016:

Reduction of the personnel of the State Fiscal Service of Ukraine till July 2016 up to a maximum number of 41,178 full-time employees.

What has already been done in a previous period:

- A Plan of Institutional Changes to the Activities of the State Fiscal Service of Ukraine in consideration of recommendations of the IMF has been developed;
- To make a format of communication with business representatives better, improve quality of control and review work, make it impossible to form corrupt contacts within the institutional reform of the State Fiscal Service of Ukraine and optimization of an organizational and functional structure of the main Department of the State Fiscal Service of Ukraine in the city of Kyiv a pilot project "Audit Office" supported by the IMF mission has been implemented.
- Functions of departments, which are involved in control and review work, are combined at the level of all main departments of the State Fiscal Service of Ukraine, which provided an opportunity to reduce a headcount of territorial authorities of the State Fiscal Service of Ukraine by 1,280 full-time employees;
- A resolution of the Cabinet of Ministers of Ukraine No. 892 dated 4 November 2015 "Certain Issues of Territorial Authorities of the State Fiscal Service of Ukraine", which provides for reduction of a number of territorial authorities of the State Fiscal Service of Ukraine by reorganization of certain state tax inspectorates and accession them to the state tax inspectorates remaining (reduction of a number of state tax inspectorates from 318 up to 169), has been adopted;
- A resolution of the Cabinet of Ministers of Ukraine No. 840 dated 21 October 2015 has been adopted, which establishes the following: maximum number of the employees of the apparatus of the State Fiscal Service of Ukraine – 1,530 full-time employees; territorial authorities of the State Fiscal Service of Ukraine – 39,648 full-time employees (*including 30% staff reduction*);
- An updated structure of the State Fiscal Service of Ukraine, which provides for a reduced number of independent structural departments from 28 to 23, was approved by the Head of the State Fiscal Service of Ukraine and agreed by the Minister of Finance of Ukraine on 7 December 2015;

- Order of the State Fiscal Service of Ukraine No. 1022 dated 30 December 2015 on approval of the organizational structure of the apparatus of the State Fiscal Service of Ukraine in consideration of 30% staff reduction has been issued.

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal:

	Steps	Clarifications, justification	Responsible	Terms (quarter)	What implementation of this step will bring
	Develop and bring key performance indicators (KPI) of the work of the State Fiscal Service of Ukraine to the State Fiscal Service of Ukraine. Abandonment of the plans of duties as unified indicators of the activities of the State Fiscal Service of Ukraine	On the basis of results of KPI fulfillment the work of the State Fiscal Service of Ukraine will be assessed; staff-related decisions will be made (for example, reduction of time for administrative claiming, increase of a share of scheduled inspections, increase of a share of taxes paid on voluntary basis).	Ministry of Finance of Ukraine State Fiscal Service of Ukraine Ministry of Justice of Ukraine	II quarter	Possibility of objective assessment of the work of the State Fiscal Service of Ukraine, setting goals for improvement of tax administration
1	Audit processes in the work of the State Fiscal Service of Ukraine, optimize processes for the purpose of cutting resources for administration and improvement of its efficiency	Reform of the State Fiscal Service of Ukraine has not been completed; many processes are duplicated; resources are not used efficiently	Ministry of Finance of Ukraine State Fiscal Service of Ukraine	IV quarter	Eliminate duplication of functions; optimize processes
	Optimization of headcount of full-time employees of the State Fiscal Service of Ukraine	Optimization of processes will enable to reduce excess full-time employees and cut expenditures of the state budget for keeping of the State Fiscal Service of Ukraine	Ministry of Finance of Ukraine State Fiscal Service of Ukraine	IV quarter	Cutting expenditures of the state budget, decrease of load on business

	Re-attestation of key personnel in terms of checking professional competence and risks of corruption	As recommended by the IMF such re-attestation shall be carried out with regard to employees of the office for large taxpayers, dispute settlement unit, audit office, employees of the central apparatus, management of oblast level in the first place	State Service of Ukraine Ministry of Finance of Ukraine	Fiscal of of	IV quarter	It will allow renew personnel of the State Fiscal Service of Ukraine and mitigate a risk of corruption
3	Integrate information systems of the tax service and customs service	Information systems of the tax service and customs service are not integrated, which decreases efficiency of using thereof	State Service of Ukraine Ministry of Finance of Ukraine	Fiscal of of	I quarter 2017	Increase efficiency of analytical work of the State Fiscal Service of Ukraine will decrease the load on bona fide taxpayers
	Liquidation of tax police Organization of a new authority for counteraction to financial crimes on the basis of the State Financial Monitoring Service of Ukraine.	Tax police is an authority for the maintenance of which more funds are spent than recovered and it has an obvious repressive function for the business.	Ministry of Finance of Ukraine State Service of Ukraine Ministry of Justice of Ukraine	of of of of	IV quarter	Increase of efficiency of identification of financial crimes, improvement of investment environment
	Development of a draft law on implementation of an institute of post audit	Transfer of a part of customs inspections from the stage of customs control to the stage of post audit (within the period of 3 years from the time of customs clearance) and solving a problem of price discrepancies).	Ministry of Finance of Ukraine State Service of Ukraine Ministry of Justice of Ukraine	of of of of	III quarter	Considerable reduction of time spent on the customs procedures
	Drafting a resolution of the Cabinet of Ministers of Ukraine on "Single Window"	The draft provides for all types of control (customs, sanitary and epidemiological, veterinary and sanitary, phytosanitary, environmental, radiological and other types of control) by implementation of electronic data exchange.	Ministry of Finance of Ukraine State Service of Ukraine Ministry of Justice of Ukraine	of of of of	II quarter	Considerable reduction of time spent on the customs procedures

		Should it be necessary to inspect the goods, such control shall be exercised by simultaneously by all supervisory authorities	Ministry of Economic Development and Trade of Ukraine		
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Next key steps, which shall be taken in the medium term:

As soon as the laws and bylaws regarding the aforementioned issues enter into force the State Fiscal Service of Ukraine will demand export support for practical implementation of the legislation in compliance with the European practice.

Practical application of provisions on control of transfer pricing will require professional and trained personnel both at the central level of the State Fiscal Service of Ukraine and regional level.

II. 4. Privatization of state-owned property and management corporatization

Privatization of state-owned property

Problem statement:

Inefficient operation of the enterprises of the public sector, unprofitableness of such enterprises are connected with bad management. It entails shortfall of the funds to the state budget, low salaries to the personnel and reduction of payments on dividends.

Currently, there are 3.5 thousand state-owned enterprises in Ukraine, where 1,700 of them are not subject to privatization. Approximately 35% of such enterprises have been liquidated as legal entities (there are no more than 300 of such enterprises on average in the states of the European Union).

Goal:

In the medium term – increase proceeds to the state budget, raise capital of private investors into the development, modernization and technical re-equipment of privatized enterprises, arrangement of additional workplaces, ensuring social guarantees of the personnel.

Before the end of the year – review a list of the state-owned enterprises, which are not subject to privatization, in terms of reduction thereof.

Target indicators for 2016:

In the medium term – maximum possible reduction of the list of state-owned enterprises, which are not subject to privatization.

Before the end of the year – reduce the list of state-owned enterprises, which are not subject to privatization, according to the proposals of duly authorized management bodies.

What has already been done in a previous period:

The Ministry of Economic Development and Trade of Ukraine has developed and the Government has adopted the resolution of the Cabinet of Ministers of Ukraine No. 271 dated 12 May 2015 "On Transparent and Competitive Privatization 2015 to 2016" (a list of facilities to be privatized in a number of 366 units has been approved) and the order of the Cabinet of Ministers of Ukraine No. 1028 dated 23 September 2015 "On Approval of the List of Investment

Attractive Facilities for Sale during Privatization of which Advisors Can be Involved" (a total of 9 facilities).

The Ministry of Economic Development and Trade of Ukraine has developed and the Government has adopted a draft Law of Ukraine "On Amending the Law of Ukraine "On the List of State-Owned Facilities which Cannot be Privatized" (regarding certain facilities of agricultural and transport industries) on 20 April 2016.

During the period of 2014 to 2015 217 state-owned enterprises changed their type of ownership throughout the course of privatization. Almost 620 million Ukrainian Hryvnias were received by the general fund of the state budget from privatization of the state-owned property.

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal:

Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
Maintenance of a draft Law of Ukraine "On Amending the Law of Ukraine "On the List of State-Owned Facilities which Cannot be Privatized" (regarding certain state-owned facilities) before adoption by the Verkhovna Rada of Ukraine.	The draft law is designed for procuring efficiency of management of the state-owned enterprises, which are offered to be excluded from the list of state-owned enterprises prohibited for privatization.	Ministry of Economic Development and Trade of Ukraine	Quarter II	Improving efficiency of management of enterprises, implementing a mechanism for protection from alienation of non-privatized enterprises in case of cancellation of a ban for privatization of enterprises, including those being at different stages of bankruptcy.
Development and submission of a draft Law of Ukraine "On Amending Certain Laws of Ukraine" (regarding improvement of a procedure for privatization of property and land of the enterprises of agricultural complex) to the Government for consideration.	The draft law is designed for the improvement of a procedure for privatization of property of the enterprises of agricultural complex.	Ministry of Economic Development and Trade of Ukraine Ministry of Agrarian Policy and Food of Ukraine State Property Fund of Ukraine Ministry of Finance of Ukraine State Service of Geodesy, Cartography and Cadastre	Quarter II	Privatization of the enterprises of agricultural complex on general basis, namely, by stipulating privatization of the aforementioned enterprises on the terms of competition with openness of price offer.

Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
		of Ukraine		
Development and provision of the Government for review with a draft resolution of the Cabinet of Ministers of Ukraine "On Amending the Approved Resolution of the Cabinet of Ministers of Ukraine No. 271 dated 12 May 2015"	Draft act is designed for clarification of the lists of the enterprises approved by the resolution of the Cabinet of Ministers of Ukraine No. 271 dated 12 May 2015.	Ministry of Economic Development and Trade of Ukraine Authorized management bodies Ministry of Finance of Ukraine	Quarter II	Procuring privatization of state-owned property.
Approval of the list of the enterprises expected to be liquidated, privatized or transferred to the State Holding Companies	Improving efficiency of state property management	Ministry of Economic Development and Trade of Ukraine Authorized management bodies Ministry of Finance of Ukraine	Quarters II-III	Reduction of a number of inefficient state-owned enterprises

Next key steps, which shall be taken in the medium term:

Further maximum possible reduction of a list of the state-owned facilities not allowed for privatization as well as optimization of the state sector of economy.

Corporate governance reform

Problem statement:

Reform of corporate governance of the business entities of the state sector of economy is very necessary as existing mechanisms of corporate governance are not efficient, or even not available, which, in turn, results in unsatisfactory financial results of the enterprises' operation, loss of competitiveness by them.

The legislation on management of the state-owned facilities requires improvement for the purpose of implementation of international standards of corporate governance, market methods of management of business entities of the state sector of economy.

Today, there are 3.5 thousand state-owned enterprises, 398 utility enterprises and 541 joint stock companies with a state share in the authorized capital in Ukraine.

Goal: Strengthen corporate governance of the business entities (provide auditor's reports on such enterprises on the basis of financial statements as of the end of 2015, organize

supervisory councils at state-owned unitary enterprises, include independent directors into a list of the members of management bodies of business entities and state-owned enterprises).

Target indicators for 2016:

Increase the volume of proceeds to the state budget from dividends and taxes paid, cut the level of corruption (degree of efficiency of proposed measures is expected to be high; nevertheless, it is impossible to forecast possible benefits in monetary (financial) terms in this case).

What has already been done in a previous period:

Criteria according to which audit firms are involved for the purpose of auditing financial statements of business entities of the state sector of economy have been approved.

A procedure for transformation of state-owned enterprises into state joint stock companies has been simplified.

The Procedure of competitive selection of the chairpersons of business entities of the state sector of economy has been changed.

Market level of salary has been established for chairpersons of the state-owned enterprises.

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal:

Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
Decide on the procedure for organization of a supervisory board of a state-owned enterprise and its committees	Settlement of the procedure for organization of a supervisory board of a state-owned enterprise	Ministry of Economic Development and Trade of Ukraine	Quarters II-III	Organization of activities of the supervisory board and its committees at state-owned enterprises
Decide on the procedure of competitive selection of the candidates to the position of an independent member of the supervisory board	Determine the procedure of competitive selection of independent members of the supervisory boards	Ministry of Economic Development and Trade of Ukraine	Quarters II-III	Selection of independent members of supervisory boards of business entities of the state sector of economy
Decide on the procedure for publication of information about operation of business entities of the state sector of economy	Determine the procedure on publication of the relevant information about its operation by business entities of the state sector of economy	Ministry of Economic Development and Trade of Ukraine	Quarters II-III	Ensure transparency of activities of business entities of the state sector of economy

Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
Approve a concept and action plan of development of the State Holding Company	Improve the structure of state-owned enterprises management	Ministry of Economic Development and Trade of Ukraine	Quarter III	Improve efficiency of corporate governance of strategic state-owned enterprises

Next key steps, which shall be taken in the medium term:

Further maximum possible implementation of corporate governance in compliance with the OECD standards, implementation of efficient management state-owned enterprises.

II. 5. Development of a favourable business environment and development of small and medium enterprises (SME)

Problem statement:

The most urgent problems, which currently hinder development of SME in Ukraine, are the following:

- lack of a unified complex and realistic system of support and development of SME at the level of the state (due to lack of budget financing from 2014);
- excessive administrative load on entrepreneurs as well as total lack of control over creation of new barriers for the business;
- unordered volume of supervisory powers of governmental authorities, focus of activities of the supervisory governmental authorities on identification but not on prevention of offences, inconsistency of provisions of different legislative acts in terms of the state control in the sphere of economic activities, lack of objective assessment of efficiency of an existing system of state control.
- a system of the state market supervision does not function to the full extent, which is the liability of Ukraine within the framework of the Association Agreement between Ukraine, on the one hand, and the European Union, European Atomic Energy Community and their Member States.

SME sector is key to the economy of Ukraine. In 2014 in a total number of business entities, which made approximately 1.93 million units, more than 99.9% were SME. Where 0.9% is small enterprises and 99.1% – small and micro-enterprises. At the same time, there were only 497 large enterprises. However, the following negative trends prevail in the sector development: in 2014 as compared with 2010 a number of SME shrank by 11.5%, quantity of employed persons – by 17.8% and the volume of the products (goods, works, services) sold increase by 23.8% also at the cost of a price factor.

Currently control and supervisory activities in 10 spheres of economic activities are carried out on the basis of industry laws, without consideration of the provisions of the framework Law of Ukraine "On Major Basis of State Supervision (Control) in the Sphere of Economic Activities"; there are no criteria for the assessment of a degree of the risk of conducting economic activities in 15 spheres and there is no frequency set on conduct of scheduled measures of the state supervision (control).

Goal:

Arrangement of new workplaces and growth of economy by means of improvement of a business environment and development of small and medium enterprises. Reduction of a number of administrative barriers for business as well as prevention from creation of new economically grounded regulations. Decrease of administrative pressure on the business and mitigation of corruption factors. Harmonization of a system of technical regulation with the European one.

Target indicators for 2016:

- Liquidate at least 50 administrative barriers for the business before the end of the year;
- Hit the list of top 50 countries of the world in terms of favorable business environment in 2017 and top 20 world countries in 2018;
- Reduce up to 6 a number of economic activities the relations of state supervision (control) in which are not covered by the framework Law of Ukraine "On Major Basis of State Supervision (Control) in the Sphere of Economic Activities" (currency control, customs control at the border, state export control, control over observance of the budget legislation, banking supervision, state control over observance of the legislation on protection of economic competition);
- Liberalize state supervision (control), in the medium term – implement a risk-oriented approach to conduct of the measures of state supervision (control) in all areas, refocus state supervision (control) to prevention of offences in the sphere of economic activities.
- Procure functioning of a system of the state market supervision in compliance with the liabilities of Ukraine within the framework Association Agreement

What has already been done in a previous period:

- Quantity of permits has been reduced by more than 40% – from 143 up to 84;
- Quantity of types of economic activities, which are subject to licensing has been reduced – from 56 to 30;
- Quantity of inspections by supervisory authorities has been decreased by implementation of comprehensive inspections;
- Exclusive judicial procedure of production stoppage or provision of services by the business has been implemented;
- A ban on inspection of business entities has been adopted till 31 June 2015;
- The Comprehensive Action Plan on state supervision (control) of the supervisory (controlling) authorities for 2016 has been implemented. *Approximately 30% of a total number of scheduled inspections has been included in the Plan; number of contacts of the supervisory authorities and business has been reduced by more than 16%;*
- A regulatory filter has been implemented – each new regulation, which is implemented for business, shall be accompanied by analysis of regulatory impact provided determination of quantitative consequences for business from implementation thereof.

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal:

	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
1	Approval of the Strategy for SME Development and operational action plan on implementation thereof	Support of international donors is extremely important and a precondition to receive it, according to the international donors, is to have <u>strategic vision</u> of the development of SME sector in the medium term.	Ministry of Economic Development and Trade of Ukraine, central executive authorities, non-governmental organizations (as agreed)	Quarter IV 2016	Improvement of a degree of trust by international community. Development of the tools for implementation of the state policy.
2	Delivery of the action plan on the implementation of strategic areas determined in the Strategy	Development, submission, adoption and maintenance of the regulatory legal acts according to the Strategy Implementation Plan	Ministry of Economic Development and Trade of Ukraine, central executive authorities, non-governmental organizations (as agreed)	2016 to 2020	It will facilitate the following: <ul style="list-style-type: none"> - growth of the level of competition on the domestic market; - increase of a number of SME, which successfully compete on global markets; - improvement of competitiveness of SME on the market of public procurement; - growth of the level of added value generated by SME; - increase of a number of persons officially employed at SME.
3	Update of a current action plan on deregulation of economic activities	Availability of proposals of the business community representatives in terms of the necessity to solve current urgent	Ministry of Economic Development and Trade of Ukraine, central executive	Quarter II 2016	Facilitate the development of draft acts by the governmental authorities intended for the following: <ul style="list-style-type: none"> - decrease of

	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
	Delivery of the plan mentioned above.	problems	authorities	2016 to 2017	administrative barriers for the business; - development of favourable investment environment.
4	Coordination of the work of central executive authorities regarding delivery of the assignments intended for strengthening position of Ukraine in Doing Business rating	Development, submission, adoption and maintenance of the regulatory legal acts according to the Strategy Implementation Plan	Ministry of Economic Development and Trade of Ukraine	2016 to 2017	Implementation of the measures by executive authorities will facilitate the following: - hitting the list of top 50 countries of the world by Ukraine in terms of favorable business environment in 2017 and top 20 world countries in 2018; - increase in foreign and domestic investments.
5	Development of the Procedure for functioning of an integrated automated state supervision (control) system	Provisions of draft laws (registration number 2418a, 2531a, 2422a). Being prepared for the second reading	Ministry of Economic Development and Trade of Ukraine	During a year after adoption of the draft law No. 2418a.	Procuring functioning of an integrated automated state supervision (control) system.
6	Development of the Procedure of comprehensive planned measures of state supervision (control)	Provisions of draft laws (registration number 2418a, 2531a, 2422a). Being prepared for the second reading	Ministry of Economic Development and Trade of Ukraine	During three months after adoption of the draft law No. 2418a.	Establishment of a unified order for conduct of comprehensive planned measures of state supervision (control) for state supervision (control) authorities.
7	Development of the Procedure for inspection of state	Provisions of draft laws (registration number 2418a, 2531a, 2422a). Being	Ministry of Economic Development and Trade of	During three months after adoption of the draft law No.	Determination of the procedure for organization and conduct of

	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
	supervision (control) authorities	prepared for the second reading	Ukraine	2418a.	inspections of state supervision (control) authorities in terms of observance of the legislation in the sphere of state supervision (control) by them.
8	Completion of reorganization of supervisory authorities	Fulfillment of the Order of the Cabinet of Ministers of Ukraine No. 442 dated 10 September 2014	central executive authorities	Till the end of the year	Reduction of a number of controlling authorities, reduction of budgetary costs
9	Development, submission, adoption and maintenance of amendments to the Laws on state market supervision and control of non-foods	Improvement of the legislation in the sphere of state supervision (control) and implementation of the legislation in accordance with the Directive (EU) No.7 65/2008 of the European Parliament and of the Council of 9 July 2008	Ministry of Economic Development and Trade of Ukraine	During a year	It will facilitate fulfillment of the obligations of Ukraine within the framework of the Association Agreement, improvement of business environment in Ukraine and enable to eliminate legislative problems of the sphere of state market supervision
10	Gradual connection to the relevant information systems of the market supervision authorities	Fulfillment of provisions of the Laws of Ukraine "On State Market Supervision and Control of Non-Foods" and "On General Safety of Non-Foods"	Ministry of Economic Development and Trade of Ukraine	Till the end of the year	Completion of the process of information provision of the state market supervision and control of non-foods

Next key steps, which shall be taken in the medium term:

Making proposals to the Cabinet of Ministers of Ukraine with regard to ensuring implementation of the SME Development Strategy for a period up to 2020 and coordination of activities on implementation of the Strategy, monitoring of fulfillment thereof.

Continuation of deregulation in consideration of the results achieved in previous periods.

Review of criteria for the assessment of a risk degree from fulfillment of economic activities and frequency of planned measures of state supervision (control) in all areas; development of an objective system for the assessment of a current state control system; development of an Integrated Automated System of State Supervision (Control) containing relevant information about all inspections conducted on economic entities; implementation of a self-assessment system for business entities.

Ensuring operational compatibility of the system of operative mutual notification about the products, which makes a serious risk, with the European RAPEX system.

II. 6. Continuation of the public procurement reform

Problem statement:

For the years of independence public procurement has become a synonym to corruption, non-transparency and inefficiency. Within the framework of reformation of this sphere a necessary legislative base has been developed and adopted. Moreover, an IT product for public procurement, namely, Prozorro (this is the name of a new electronic system), being developed and tested, should cover all types of public procurement effective August 2017.

The volume of public procurement makes 200 to 250 billion Ukrainian Hryvnias per annum on average, which equals 15% to 20% GDP and corresponds to the European practice.

Approximately 20% of a total amount, i.e. 40 to 50 billion Ukrainian Hryvnias per annum, was lost in paper procurement (before implementation of ProZorro electronic procurement system) because of corruption and inefficiency.

An average indicator of participation in procurement is 2.2 participants and according to the law it cannot be less than 2 participants, which means that is much lower in practice.

Goal:

Transfer all public procurement regulated by the relevant legislation into ProZorro electronic system effective 1 January 2017.

Develop a methodology of risk management of the procurement procedures and create conditions for the development of a system for online monitoring of procurement for a considerable strengthening of state control over procurement.

For the purpose of popularization of public procurement among the business conduct numerous public measures and simplify participation in the procurement through integration of ProZorro with the other electronic administration systems.

To increase quality and simplify the process of procurement launch a pilot central procurement organization (CPO), library of sample specifications and rebuild a training system in this sphere anew.

Target indicators for 2016:

As soon as the electronic system is implemented the Ministry of Economic Development and Trade of Ukraine plans to save up to 20% of a total amount of procurement (10% – at the expense of overcoming corruption and 10% at the expense of increase of efficiency due to transition to the electronic system) – 40 to 50 billion Ukrainian Hryvnias per annum, if the system is used to the full extent.

5 billion Ukrainian Hryvnias can be saved before the end of 2016. All information is open and can be easily checked on the website www.bi.prozorro.org

Furthermore, at the expense of simplification of access to procurement through the electronic system an average participation in a tender will be brought up to 3.2 suppliers till the end of 2016.

What has already been done in a previous period:

A concept of reforming a system of public procurement has been developed; team has been involved; It product has been developed and tested on subthreshold procurement; required legislation has been prepared and adopted.

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal

	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
1.	Develop a risk management methodology	For the purpose of risk assessment in each procurement procedure and automatic selection of the procedures that may have indications of violations	Ministry of Economic Development and Trade of Ukraine	Quarter III	Possibility of further checking riskiness of all tenders for the purpose of future monitoring
2	Incorporate non-governmental organizations to build a monitoring portal	On the basis of publicity risk management methodologies a special portal for monitoring and fight against corruption in	Ministry of Economic Development and Trade of Ukraine, key non-governmental	Quarter IV	Drastic reduction of corruption in procurement and saving budgetary costs

	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
		procurement will be organized	organizations		
3	Integrate ProZorro with other state registers (Unified State Register, Ministry of Internal Affairs of Ukraine, State Fiscal Service of Ukraine)	Simplification of access of the business to public bidding by means of an automatic check instead of provision of paper certificates	Ministry of Economic Development and Trade of Ukraine, Ministry of Justice of Ukraine, Ministry of Internal Affairs of Ukraine, State Fiscal Service of Ukraine	Quarter III	The easier the process of participation in public procurement the stronger the competition and the lower the prices
4	Incorporate a pilot central procurement organization	Substantial increase of efficiency of procurement via centralization and conduct of the procedures at a more professional level	Ministry of Economic Development and Trade of Ukraine, Kyiv City State Administration, Dnipropetrovsk City State Administration	Quarter III	Regulate a central procurement organization from regulatory and technical point of view for the purpose of future centralization and professional procurement
5	Create a library of sample specifications	Unification of simple procurement	Ministry of Economic Development and Trade of Ukraine, other central executive authorities	Quarter III	Customers should spend minimum time and efforts for simple standard procurement
7	Launch a new quality training in public procurement	Develop the following concept: who, whom and how trains in this area. Raise financing and higher educational institutions Launch the first training courses	Ministry of Economic Development and Trade of Ukraine, Ministry of Healthcare of Ukraine	Quarter IV	Considerable increase of professional level of the entities operating in the sphere of procurement

Next key steps, which shall be taken in the medium term:

Implement ProZorro at least in one other European country. Support Ukrainian companies in systematic participation in public procurement of WTO-GPA member states. Harmonize Ukrainian law on public procurement with the European one. Launch electronic catalogues (DPS).

II. 7. Export development and support

Problem statement:

For the recent years there has been a considerable drop in the volumes of goods export from Ukraine – 68.8 billion US Dollars in 2012 to 38.1 billion US Dollars in 2015. The reasons for that are mentioned below:

- drop in prices on the world markets for raw materials, and Ukraine mainly exports the raw materials;
- lack of capacity, required investments for the production of goods with high added value, which could have been competitive on the world markets;
- lack of efficient system of state support of exporters and, overregulation, which does not allow the business to develop, instead.

Based on results of 2015 export of the goods equaled 38.1 billion US Dollars.

Key components of Ukrainian export of the goods were the following: products of agricultural complex and food industry (38.2%), metallurgical complex (24.8%) and mechanical engineering (12.5%).

The largest consumers of domestic products on foreign markets are the European Union (34.1% of total volume of export of the goods), Russian Federation (12.7%), Turkey (7.3%), China (6.3%) and Egypt (5.5%).

As compared with 2014 the volumes of export of Ukrainian goods decreased by 29.3%.

Export of services in 2015 was 9.6 billion US Dollars. Price is 17.1% lower in 2014.

Ukraine exported goods for a total amount of 4.7 billion US Dollars for 2 months of 2016. Key trade partners of Ukraine remain the European Union (44.4%), share of the Russian Federation for this period made only 7.9%.

Goal:

Lay the foundation for an export breakthrough of Ukrainian goods and services before 2017. For this purpose create an efficient export development system by consolidation and coordination of actions and measures of all responsible governmental authorities.

Target indicators for 2016:

Expansion of presence of domestic goods and services on foreign markets. Inclusion of Ukraine into the European and international branches of added value creation.

What has already been done in a previous period:

- Analytical materials "White paper" have been developed about the basics of the state policy of facilitation in the development of Ukrainian export, where proposals were also presented in terms of development of future Export Strategy;
- Harmonization of national standards with international and European standards is ensured on permanent basis. Currently the fund of national standards equals 15,133 national standards, where 11,300 have been harmonized with international and European standards. Reformation of the system of technical regulation is done in compliance with the Strategy for Development of the Technical Regulation System for a Period till 2020 approved by the Government;
- On 18 February 2016 the Government adopted a detailed plan for the implementation of provisions of Chapter IV (trade provisions) of the Association Agreement between Ukraine and the EU.

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal:

Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
BUILDING A BASE FOR EFFICIENT EXPORT SUPPORT SYSTEM				
National Export Strategy	Provides for a comprehensive solution of development of export potential with involvement of all governmental authorities.	Ministry of Economic Development and Trade of Ukraine, other central executive authorities concerned	December	Development of the Road Map regarding strategic development of trade and preparation of specific action plans for prioritized sectors of economy for all participants of the process.
Institutional component				
Development of bylaws regarding foundation and functioning of trade representative offices in foreign countries at the Ministry of Economic Development and Trade of Ukraine	As soon as the Decree of the President "On Measures Strengthening Protection of Economic and Trade Interests of Ukraine Abroad" is signed, bylaws regarding foundation and functioning of trade representative are	Ministry of Economic Development and Trade of Ukraine, Ministry of Foreign Affairs of Ukraine, Ministry of Finance of Ukraine, Ministry of Justice of Ukraine	July	Trade representative offices will procure efficacy of system for the implementation of foreign economic policy; representation of interests of the state and Ukrainian business; eliminate duplication of functions between the Ministry of Foreign Affairs of Ukraine and Ministry of Economic Development and

Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
	developed, selection is performed and trade representatives are trained			Trade of Ukraine; improve coordination in the work "state – business".
Development of draft law, which will ensure development of the mechanisms of financial support and insurance of export risks	Provides for development of favourable environment for Ukrainian exporters to access resources of export insurance	Ministry of Economic Development and Trade of Ukraine, Ministry of Finance of Ukraine, Ministry of Justice of Ukraine, State Fiscal Service of Ukraine, State Registration Service of Ukraine	May to June	Creating foundation for functioning of the mechanisms of financial support and insurance of export risks
Organization of the Export Promotion Council at the Cabinet of Ministers of Ukraine	Development of a regulatory legal act for the organization of the Export Promotion Council at the Cabinet of Ministers of Ukraine	Ministry of Economic Development and Trade of Ukraine, other central executive authorities	July	Organization of a single advisory authority, which will procure direct and efficient communication between the Government and business
Information and promotional support				
Export web portal	Provides for development of a single website for information support of Ukrainian exporters.	Export Promotion Office at the Ministry of Economic Development and Trade of Ukraine	Late 2016 to early 2017	Development of a "Single Window", which will be a state multifunctional information platform.
Business forum in Canada	Provides for promotion of Ukraine as a reliable business partner in Canada	Ministry of Economic Development and Trade of Ukraine,	June to July	Signing the Canada-Ukraine Free Trade Agreement. Establishment of a dialogue between the

Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
	for the purpose of increasing export of Ukrainian products.	Ministry of Foreign Affairs of Ukraine, Embassy of Ukraine in Canada		countries at a high governmental level
Trade missions	Development of business partnership between Ukraine and countries, which are potentially attractive for Ukrainian export.	Ministry of Economic Development and Trade of Ukraine, Ministry of Foreign Affairs of Ukraine, Embassies of Ukraine in hosting countries	Second half of the year	Establishment of a dialogue between the countries at a high governmental level with the participation of the Prime Minister of Ukraine. Development of business relations and economic partnership between Ukraine and potential partnership countries
IMPLEMENTATION OF THE DEEP AND COMPREHENSIVE FREE TRADE AGREEMENT BETWEEN THE EU AND UKRAINE				
Performance of the action plan set forth in the order of the Cabinet of Ministers of Ukraine No. 217-p dated 18 February 2016	Provides for a number of successive mutually coordinated steps on fulfillment of the Association Agreement in terms of implementation of a mode of free trade between Ukraine and the EU	Ministries, other central executive authorities	During a year (Quarters II-IV)	Implementation of provisions regarding free trade between Ukraine and the EU; Expansion of presence of domestic manufacturers on foreign markets, namely, markets of the EU member states.
Initiation of an official procedure of accession to the Regional Convention on pan-Euro-Mediterranean preferential rules of origin	Initiation and holding of negotiations by Ukraine with regard to Regional Convention on pan-Euro-Mediterranean preferential rules of origin; accession to the Convention	Ministry of Economic Development and Trade of Ukraine, Ministry of Finance of Ukraine, State Fiscal Service of Ukraine	Quarter III	Increase of possibilities for a preferential export of domestic goods
Implementation of the	Search for	Ministry of	Quarter II	Expanding presence of

Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
Dialogue Ukraine–EU of high level in terms of horizontal issues and specific sectors of industry.	additional mechanisms of expanding presence of domestic goods with high level of processing on the EU markets and involvement of Ukraine into European branches of creating added value	Economic Development and Trade of Ukraine		domestic goods with high level of processing on the EU markets and involvement of Ukraine into European branches of creating added value
PROMOTION OF UKRAINE'S INTERESTS ON FOREIGN MARKETS				
Holding negotiations concerning conclusion of a Free Trade Agreement between the Government of Ukraine and the Government of the Republic of Turkey	Coordination of a negotiation position of Ukraine with the central executive authorities concerned and holding negotiations with the other party	Ministries, other central executive authorities	Till the end of the year	Deepening trade and economic cooperation, namely, to the extent of trading goods and services
Holding negotiations concerning conclusion of a Free Trade Agreement between the Government of Ukraine and the Government of the State of Israel	Coordination of a negotiation position of Ukraine with the central executive authorities concerned and holding negotiations with the other party	Ministries, other central executive authorities	Till the end of the year	Deepening trade and economic cooperation, namely, to the extent of trading goods
Conduct of meetings of joint intergovernmental commissions and their working bodies in accordance with the extract from the minutes of the Cabinet of Ministers of Ukraine No. 12 dated 18 February 2016	Development of relations and activation of a dialogue with partnership countries as well as development of conditions for the expansion of presence of domestic goods on the world markets	Ministry of Economic Development and Trade of Ukraine, central executive authorities concerned	During a year (Quarters II-IV)	Consideration of topical issues of bilateral cooperation in various spheres, determination of prioritized areas of cooperation

Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
Protection of Ukraine's interests on foreign markets	1) by application of WTO tools, including a dispute settlement mechanism: 2) participation in trade investigations conducted by foreign countries.	Ministry of Economic Development and Trade of Ukraine, other central executive authorities	During a year	Liberalization or elimination of effective trade restrictions on the Ukrainian products, which will facilitate boosting of export volumes
Simplification of international trade procedures				
Development of a draft resolution of the Cabinet of Ministers of Ukraine on foundation of the National Committee on Trade Facilitation (NCTF)	Necessity to implement the WTO Trade Facilitation Agreement, which was ratified by the Verkhovna Rada of Ukraine on 4 November 2015. Conduct of reforms on simplification of customs procedures, currency regulation and improvement of export and import operations	Ministry of Economic Development and Trade of Ukraine, Ministry of Finance of Ukraine, Ministry of Justice of Ukraine, State Fiscal Service of Ukraine, other central executive authorities	July	Fulfillment of its international liabilities by Ukraine;
Ensuring functioning of NCTF			Till the end of the year	

Next key steps, which shall be taken in the medium term:

Development of an efficient system of coordination of central governmental authorities to ensure implementation of topical needs of the business in export development and a single advisory authority, which will procure direct and efficient communication between the Government and business.

Development of the Road Map on strategic trade development.

Development a draft law, which will ensure foundation of a specialized institution, namely, Export and insurance Agency.

Implementation of provisions of the free trade agreement between Ukraine and the EU;

Establishment of efficient functioning of trade representative offices in foreign countries.

II. 8. Activation and involvement of investments

Problem statement:

The following creates obstacles for investing in Ukraine:

- weak institutional capability of involvement and maintenance of foreign investors,
- high level of wear and tear of majority of economic and social infrastructure facilities as well as availability of uncompleted state-owned facilities,
- low efficiency of using investment financial resources of the state (including resources raised from the IMF and foreign states).

The volume of raised direct foreign investments (share capital) (DFI) in Ukrainian economy as of the beginning of 2016 made 43.37 billion US Dollars.

According to the State Statistics Service of Ukraine foreign investors invested 3.76 billion US Dollars in the economy of Ukraine in 2015 (2.45 billion US Dollars – in 2014).

The volumes of capital investments of Ukrainian enterprises made 251.2 billion Ukrainian Hryvnias (98.3% as compared with the indicator of 2014) in 2016.

As of the beginning of 2016 Ukraine records more than 350 state-owned uncompleted facilities (their estimated cost equals over 50 billion Ukrainian Hryvnias).

The volume of credit resources, which are raised for the purpose of implementation of investment projects against state guarantees, is more than 15 billion US Dollars.

Currently there are only 2 agreements being implemented on the terms of public-private partnership, which are concluded provided observance of the relevant procedures; 12 industrial parks are included in the Register of Industrial Parks.

Goal:

Raise foreign investments, procure efficient public investment, in particular, into renewal and development of general state and local infrastructure, facilitate arrangement of industrial parks, activate application of public-private partnership mechanisms for the implementation of infrastructure projects, create an investment support office.

Target indicators for 2016:

Increase volumes of DFI raised.

Increase quantity of the public-private partnership projects up to 10 (3 projects before the end of 2016).

Increase quantity of industrial parks included in the Register by 30% (before the end of 2016 – 5 parks).

What has already been done in a previous period

Regarding industrial parks. The Law of Ukraine "On Amending Certain Legislative Acts of Ukraine on Lifting Regulatory Barriers to Develop Network of Industrial Parks in Ukraine" has been adopted.

Regarding management of public investments. The Law of Ukraine "On Amending the Budget Code of Ukraine on Public Investment Projects" and a resolution of the Cabinet of Ministers of Ukraine "Certain Issues of Public Investment Management" have been adopted.

In 2015 on the basis of results of selection 10 projects were included in the State Budget of Ukraine for 2016 (total volume of capital investments – 1 billion Ukrainian Hryvnias) in the following areas: social and cultural (2), healthcare (4), transport (1) and environmental protection (3).

Regarding public-private partnership The Law of Ukraine "On Amending Certain Laws of Ukraine on Lifting Regulatory Barriers to Develop Public-Private Partnership and Stimulation of Investments in Ukraine" has been adopted.

Regarding raising of investments and maintenance of investors. A concept for foundation and functioning of an Institution for raising investments and maintenance of investors has been developed; meetings with potential donors have taken place with regard to determining a possibility for financing foundation and operation of it.

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal:

Regarding management of public investments

No.	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
1	Maintenance of the draft Law of Ukraine "On Amending the Law of Ukraine "On Investment Activities" (registration number 4132)	Fulfillment of paragraph two of Item 3 of Chapter II "Final Provisions" of the Law of Ukraine "On Amending the Budget Code of Ukraine on Public Investment Projects".	Ministry of Economic Development and Trade of Ukraine	Quarter II	Simplification of public investment management and state support of investment projects
2	Selection of public investment projects to form a draft State Budget of Ukraine for 2017	Fulfillment of Article 32 of the Budget Code of Ukraine	Ministry of Economic Development and Trade of Ukraine	Quarter II	Determining projects to be financed in 2017
3	Implementation of permanent monitoring of public investment projects	Execution of Item 26 of the Procedure for Selection of Public Investment Projects, identification of the	Ministry of Economic Development and Trade of Ukraine,	Quarters II-III	report on results of monitoring for the first half of 2016

No.	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
	fulfillment	reasons of not meeting the schedule of implementation at early stages	Ministry of Finance of Ukraine		Prevention of increase in unreasonable expenses
4	Determination of uncompleted construction projects (facilities)	Analysis of uncompleted construction projects (facilities) in order to identify facilities for raising private investments in	Ministry of Economic Development and Trade of Ukraine, central executive authorities	Quarters III-IV	Optimization of public investments and raising private investments

Regarding public-private partnership mechanism

No.	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
1	Draft Law of Ukraine "On Amending the Budget Code of Ukraine on Ensuring Possibility to Accept Long-Term Budgetary Liabilities within the Framework of Public-Private Partnership"	Stimulation of raising private investments for the purpose of implementation of public-private partnership projects	Ministry of Economic Development and Trade of Ukraine (Investment Raising Department)	Requires prioritized consideration Quarter II	Increase of a number of public-private partnership projects
2	Bringing provisions of regulatory legal acts into conformity with the Law of Ukraine No. 817-VIII dated 24 November 2015 "On Amending Certain Laws of Ukraine on Lifting Regulatory Barriers to Develop Public-Private Partnership and Stimulation of Investments in Ukraine"	Perfection of legal regulation of public-private partnership	Ministry of Economic Development and Trade of Ukraine (Investment Raising Department)	Quarter III	Perfection of institutional environment in the sphere of public-private partnership to raise investments in infrastructure

Regarding raising of investments and maintenance of investors

No.	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
1	Formation of legal preconditions in order to organize an institution for raising of investment and maintenance of investors	According to the goals and peculiarities of functioning of the institution and provisions of the legislation	Ministry of Economic Development and Trade of Ukraine	Till the end of the year	Improvement of investment environment and increase in volumes of foreign investments raised

Next key steps, which shall be taken in the medium term:

Regarding industrial parks Procuring methodological and information support of industrial park facilities, facilitation in receipt of state support by them in compliance with the law as well as in raising investments required in order for them to be equipped and operate.

Regarding management of public investments. Improvement of a management system to the extent of application of analysis of benefits and costs when preparing projects and selection of them, implementation of continuous monitoring of execution of public investment projects. Implementation of audit of public investment projects upon completion of their investment stage. Analysis and optimization of portfolio of uncompleted construction projects (facilities), facilitation in raising private investments for completion thereof

Regarding public-private partnership Drafting pilot concession projects, namely, support of the IMF, and facilitation of public-private partnership entities in implementation of public-private partnership projects

Regarding raising of investments and maintenance of investors. Marketing of investment processes in the world and countries of the region. Analysis/search of investment opportunities. Establishment and procuring cooperation with the relevant foreign and regional institutions. Structuring and promotion of flagship projects.

II. 9. Industrial production development

Problem statement:

Crisis in industry, deindustrialization of economy, prevalence of raw and extractive as well as low-tech types of production in the structure of industry – archaic structure of industrial production in Ukraine entail low competitiveness of the industry, loss of a substantial share of industrial potential of the country as a result of foreign aggression and loss of the market of the Russian Federation.

Drop in the volumes of industrial production was within the range 1.8% in 2012 to 10.1% in 2014. The rate of decline in industry hit the mark of 13.4% in 2015. Key industry sectors show substantial drop in production. The largest drop in 2015 was in metallurgy (-16.4%), mechanical engineering (-14.6%) and in chemical industry (-15.9%).

Specific weight of the industry in GDP structure shrank from 22.6% in 2010 up to 19.4% in 2014 and approximately 18% in 2015.

In 2015 the volumes of export of products with high added value as compared with 2014 substantially reduced, namely, "Machines, equipments and mechanisms; electrotechnical equipment" by 30.3%, "Land vehicles, aircrafts, vessels" by 53.8%.

Goal:

Conduct of a policy of new industrialization of Ukrainian economy, stabilization of social and economic status: before the year-end – overcoming decline in the volumes of industrial production, in the medium term – achievement of stable volumes of growth in industrial production, increase of a share of industry in GDP structure, increase in the volumes of export of products with high added value.

Target indicators for 2016:

Increase in volumes of industrial production till the end of the year by at least 2%, in the medium term – at least 4%, achievement of a share of industry in GDP structure – at least 20%.

What has already been done in a previous period:

Effective legislation is being improved in terms of a mode of innovation activities of technological parks.

For the purpose of acceleration of domestic production within the framework of fulfillment of the decision of the Cabinet of Ministers of Ukraine dated 19 August 2015 (Item 1.9 of the Minutes No. 89) the Ministry of Economic Development and Trade of Ukraine together with the other central executive authorities and oblast state administrations, representatives of the companies of the Eastern region has drafted the State Program for Development of Domestic Industrial Enterprises in Consideration of the Needs of Domestic Consumption.

Promotion of domestic industrial products to foreign markets is constantly submitted for consideration with foreign partners throughout the course of joint meetings of Interdepartmental Commissions for Scientific and Technical as well as Trade and Economic Cooperation. Proposals of industrial companies have been included in the draft Joint Action Plan 2016 to 2020 regarding the development of cooperation and expansion of production cooperation, including in the sphere of agricultural mechanical engineering, between the Ministry of Industry of the Republic of Belarus, Ministry of Agrarian Policy and Food and the Ministry of Economic Development and Trade of Ukraine ("Road Map" for the development of bilateral cooperation 2016 to 2020) and sent to the Kazakh party for consideration throughout the course of implementation of "Nurly Zhol" State Program for Infrastructural Development 2015 to 2019".

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal:

No.	Steps	Clarifications, grounding	Responsible,	Deadlines (quarter)	What the implementation
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					of this step will result in
1	Development and approval of the draft resolution of the Cabinet of Ministers of Ukraine "On Approval of the State Program for Development of Domestic Industrial Enterprises in Consideration of the Needs of Domestic Consumption".	Maximum load of capacities of domestic industrial enterprises, creation and development of new competitive productions in Ukraine at the cost of development of domestic consumption taking into account limited budget financial	Ministry of Economic Development and Trade of Ukraine Ministry of Infrastructure of Ukraine Ministry of Energy and Coal Industry of Ukraine Ministry of Finance of Ukraine Oblast state administrations	Quarter III	Arrangement of necessary conditions for the development of domestic consumption of industrial products, import substitution in chemical industry, defence and industrial sector and other high tech industries
2	Preparation and submission of draft acts of the Cabinet of Ministers of Ukraine to the Cabinet of Ministers of Ukraine to approve the Industrial Complex Development Strategy for a Period till 2025 and Industrial Complex Development Plan till 2020	For the purpose of adaptation of the national economic policy, including an industrial one, to the EU standards it is necessary to decide on key areas, basic tools, strategic goals and prioritized branches of the industry to be developed in Ukraine,	Ministry of Economic Development and Trade of Ukraine, other central executive authorities, oblast state administrations, expert institutions	Quarter III	Identification of priorities in the industry and clear action plan on the development of industry and also ensure coordination of the measures of industrial policy as well as other related components of economic policy
3	Development of key draft laws intended for the following: a) improvement of investment attractiveness of the branches of	Preparation of draft laws is stipulated by the necessity to increase investment attractiveness of creation and development of industrial productions in	Ministry of Economic Development and Trade of Ukraine, other central executive authorities, oblast state administrations, expert institutions	Quarter IV 2016 to Quarter IV 2017	Procure implementation of required mechanisms for the purpose of innovation and investment development of the industry of Ukraine

	Ukrainian industry; b) stimulation of the development of environmental and innovation productions; c) development of industrial clusters; d) perfection of the capital market	Ukraine			
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Next key steps, which shall be taken in the medium term:

financial stability and ensuring accessibility of financial markets for a real sector of economy;

structural rebuilding of the industry, modernization of production on the basis of new technologies, determination and development of strategic branches of the industry;

facilitation in raising investments in innovations in production;

development of a modern production and technological infrastructure.

II. 10. Development of innovations

Problem statement:

Development of innovations and transition to digital economy is one of preconditions to strengthen competitiveness of Ukraine on the global market. Currently there is a number of problems, which slow down development of innovations in Ukraine, namely: imperfect legislative support, insufficient development of information and communication technology infrastructure as well as digital skills, lack of innovation culture, imperfect system of public management in this sphere.

INDICATORS	2015	2020 forecast	2025 forecast
knowledge intensity of GDP, %	0.77	1.5	2.5
Specific weight of products of high tech industries in GDP, %	6	11	14
Specific weight of high tech products in the volume of export of goods and services, %	5.5	9.0	15.0
Average wear and tear of fixed assets of real sector, %	75	60.0	50.0
Direct foreign investments in high tech industries, billion US Dollars	-	6.5	9

Number of STEM graduates, thousand persons	100	120	150
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Goal:

Transition to digital economy. Development of conditions for the progress of innovation enterprises and wide implementation of innovation technologies in all sectors economy.

Target indicators for 2016:

- Approval of the project "High Tech Industries Development Strategy till 2025";
- Organization and launching of the High Tech Office;
- Accession of Ukraine to the European report on development of innovations Innovation Union Scoreboard.

What has already been done in a previous period:

The "High Tech Industries Development Strategy till 2025" has been developed; it has been discussed with the market players, experts, scientists and representatives of public organizations.

On the basis of the meetings with the representatives of the World Bank a project for the organization of the High Tech Office has been prepared.

Negotiations have been conducted with the relevant responsible representatives of the European Commission on Accession of Ukraine to the Innovation Union Scoreboard. The necessary statistical indicators have been prepared with the participation of the State Statistical Service of Ukraine and Institute for Economics and Forecasting Ukrainian National Academy of Science and submitted to the European Commission.

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal:

No.	Steps	Clarifications, grounding	Responsible,	Terms	What the implementation of this step will result in
1.	Provision of the Ministry of Economic Development and Trade of Ukraine with the functions of forming the state policy in the sphere of transfer of technologies and innovation activities, electronic regulation and development of information society	Liquidation of duplicating functions and lack of a unified policy in this sphere	Ministry of Economic Development and Trade of Ukraine Cabinet of Ministers of Ukraine	Till the end of the year	Optimization of processes and policies in this sphere

2.	Submission of a draft strategy to the Cabinet of Ministers of Ukraine for consideration, approval thereof	The strategy has been developed with the participation of experts and business; it provides for a comprehensive approach to stimulation of technology development	Ministry of Economic Development and Trade of Ukraine	Quarter II	Development of high technologies, structural changes in the economy
3.	Discussion of the High Tech Office project with the business, experts and the public	To implement the support of business and expert environment is required	Ministry of Economic Development and Trade of Ukraine	Quarter II	Solving a number of organizational issues; preparation to launching the High Tech Office
4.	Organization of the High Tech Office	Development of a venture ecosystem, stimulation of innovations	Ministry of Economic Development and Trade of Ukraine	Quarter III	Financing innovation projects, growth of a number of startups
5.	Involvement of the World Bank in the activities of the High Tech Office	The project provides for technical support by the World Bank	Ministry of Economic Development and Trade of Ukraine	Till the end of the year	Receipt of financing and expert support

Next key steps, which shall be taken in the medium term

Implementation of the measures of the "High Tech Industries Development Strategy till 2025".

Continuation and deepening of cooperation with the European Union in the sphere of innovation development.

Perfection of the legislative field in the sphere of innovation development.

Development and implementation of the program for popularization of science, innovation technologies and development of digital skills – "Hi-Tech Nation".

II. 11. Reforming state system of intellectual property protection

Problem statement:

Current state system of intellectual property protection is incapable to procure development of the sphere of intellectual property as an important element of the national innovation system and basis of the innovation economy of Ukraine.

Expenditures of the State Budget of Ukraine in 2015 as the provision of the activities of the State Intellectual Property Service of Ukraine – 7,693.2 thousand Ukrainian Hryvnias.

The amount of proceeds received in 2015 from fees for the activities related to protection of the rights to intellectual property units – 138,432 million Ukrainian Hryvnias.

The amount of the state duty received in 2015 as a fee for the provision of administrative services in the sphere of intellectual property – 19,077 million Ukrainian Hryvnias.

In 2015 the Ukrainian Intellectual Property Institute State Enterprise (Ukrpatent) as a duly authorized institution to expertise applications for industrial property units received approximately 48 thousand applications for industrial property units, including approximately 4.5 thousand applications for inventions, more than 8.6 thousand applications – for utility models, approximately 2.1 thousand applications – for industrial samples and over 32.8 thousand applications – for signs for goods and services.

Goal:

Development of an optimal, quality and efficient state system of legal protection of intellectual property that is able to form and implement a transparent public model of overcoming existing challenges and risks.

Target indicators for 2016:

- Create an efficient structure of public management of the sphere of intellectual property and liquidate risks of corruption;
- Simplify and ensure transparency of the procedures for obtainment of intellectual property rights, improve reliability of security and protection of intellectual property rights;
- Increase the level of culture of intellectual property in the country;
- Facilitate the development of innovative economy.

What has already been done in a previous period:

- Conceptual Bases of Reforming State System of Legal Protection of Intellectual Property in Ukraine have been developed;
- The Parliament has registered governmental draft laws in the sphere of intellectual property under the number 4629 dated 10 May 2016, number 4571 dated 4 May 2016 and number 4579 dated 4 May 2016;
- draft laws on protection of rights to trademarks, industrial samples, geographical names, layout designs (topographies) of integrated circuits and on improvement of security and protection of rights to intellectual property have been sent to the central executive authorities for approval.

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal:

No.	Steps	Clarifications, grounding	Responsible	Terms	What the implementation of this step will result in
1	Approval and implementation of Conceptual Bases of Reforming State System of Legal Protection of Intellectual Property in Ukraine	Imperfect and inert to changes the system of public management of the sphere of intellectual property resulted in lack of substantial progress in adaptation of the law to modern economic and political conditions	Ministry of Economic Development and Trade of Ukraine	Quarter II	
2.	Organization of the National Agency of Intellectual Property as a public organization on the basis of the Ukrainian Intellectual Property Institute State Enterprise and State Intellectual Property Service (liquidation of the State Intellectual Property Service)	Improvement of the system of public management of the field of intellectual property	Ministry of Economic Development and Trade of Ukraine	Quarter IV	Single window for issuance of patents; Elimination of corruption in the sphere of intellectual property; Simplification of procedures for applicants
3	Approaching the national law to the law of the EU in the field of intellectual property	Fulfillment of Item 125 of the Action Plan for Implementation of Chapter IV of the Association Agreement between Ukraine and the EU 2016 to 2019 (order of the Cabinet of Ministers of Ukraine No. 217 dated 18 February 2016) (intellectual property right)	Ministry of Economic Development and Trade of Ukraine	Quarters II-IV	Efficient legislation, which corresponds to the European standards
4	Reorganization of the system of collective management of copyright and related rights	Implementation of key provisions of a Directive 2014/26/EU on Collective Management of Copyright and Related Rights	Ministry of Economic Development and Trade of Ukraine	Quarter IV	Transparency of the activities of collective management organizations; Transparent

					mechanism for collection, distribution and payment of remuneration.
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Next key steps, which shall be taken in the medium term:

Approval of Conceptual Bases of Reforming State System of Legal Protection of Intellectual Property in Ukraine.

Organization of the National Agency of Intellectual Property as a public organization in the field of management of the Ministry of Economic Development and Trade of Ukraine, which will fulfill specific public functions (governmental powers) on the implementation of the state policy in this sphere.

Liquidation of the State Intellectual Property Service.

Perfection of the legislation in the sphere of intellectual property in consideration of the EU law.

II. 12. Reforming a system of state support of agriculture

Problem statement:

In 2016 they reduced and effective 2017 they fully cancelled tax benefits on VAT (a so called "special mode of VAT") for agrarian manufacturers, which were left almost without the state support. In addition, manufacturers faced problems with withdrawal of current assets and complication of VAT administration due to the implementation of VAT division by types of activities in different ratios between the state budget and manufacturers. In fact, cancellation of a "special mode of VAT" deprives the agrarian sector of any substantial state support.

There is also a problem of negative consequences entailed by unfavourable weather conditions to solve which the legislation, which regulates insurance of agricultural products with the state support, should be improved.

Tools for stimulation of the development of small and medium agricultural commodity manufacturers require improvement

For a period of 15 years labour productivity in the agrarian sector has increased in 8.4 times, and a number of workplaces decreased by 5.6 times. A share of households of the people in manufacture of agricultural products is approximately 50 percent; furthermore a considerable share is consumed by households without sale on the market.

Experience of the countries with developed agrarian economies proves that the agrarian policy is implemented using means of economic stimulation. In the USA the level of agrarian production support reaches 10% of the cost of sale of agricultural products. In the EU states the level of support makes up to 20% of the cost of sale of agricultural products.

The main state support was indirect in Ukraine before 2015. The volume of support at the cost of the funds from the state budget annually before 2020 shall be at least 1% of the volume of gross agricultural products manufacturing (in 2016 – additional financing in the amount of 450 million Ukrainian Hryvnias).

Goal:

Improvement of competitiveness of small and medium agricultural manufacturers, increase of the volumes of manufacturing agricultural products with high added value.

Receipt of direct state support by manufacturers of agricultural products, as a compensator of losses from transfer of agricultural production to a general mode of VAT taxation.

Perfection of the legislative base on agricultural insurance with the state support, which will create conditions for the protection of Ukrainian commodity manufacturers against risks of agricultural activities.

Target indicators for 2016:

- The volume of support of the agrarian sector at the cost of the funds from the state budget annually before 2020 no less than 1% of the volume of gross agricultural products manufacturing (in 2016 – no less than 450 million Ukrainian Hryvnias of additional financing to the funds that have already been allocated on the basis of the Law of Ukraine "On the State Budget of Ukraine for 2016"). Use of the funds of agricultural manufacturers in the first place, which area of the lands being processed is up to 500 ha, for the purpose of stimulating development of perennial plants, animal breeding as well as the development of farming and cooperation.

What has already been done in a previous period:

In 2015 the Cabinet of Ministers of Ukraine adopted a Concept of the State Target Program for Development of Agrarian Sector for a Period till 2020.

For the purpose of stimulating the agrarian sector of economy the following favourable tax policy was valid: special mode of VAT taxation, payments of subsidies at the cost of the value added tax of processing enterprises; effective 1 January 2015 there is a single tax of group four effective for agricultural manufacturers. A total amount of indirect state support by means of such special modes equaled approximately 24.4 billion Ukrainian Hryvnias in 2014.

A legislative base for agrarian insurance has been developed.

Direct state support of agricultural product manufacturers, amendments to the current legislation, which will also facilitate the development of farms as well as small and medium business, will be a logical continuation of reforming a branch initiated in the previous periods.

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal:

	Steps	Clarifications, justification	Responsible, including other Ministries and institutions	Terms (quarter)	What implementation of this step will bring
1	Add a draft Key Areas of the Budgetary Policy for 2017 with the proposals regarding the necessity of annual inclusion of expenditures in the state budget required for the support of agricultural manufacturers	Change of approaches to the support of agriculture. Provision of the volume of budget support to agriculture in the volume no less than 1% of the volume of gross agricultural products manufacturing	Ministry of Finance of Ukraine Ministry of Agrarian Policy and Food of Ukraine Ministry of Economic Development and Trade of Ukraine	Quarter II	Forecasted agrarian business, real support of small and medium agricultural manufacturers in the first place
	Preparation and submission of the draft Law of Ukraine "On Amending the Budget Code of Ukraine" to the Verkhovna Rada of Ukraine		Ministry of Agrarian Policy and Food of Ukraine Ministry of Finance of Ukraine Ministry of Economic Development and Trade of Ukraine	Quarter II	
2	Preparation and submission of the draft Law of Ukraine "On Amending the Law of Ukraine "On the State Budget of Ukraine for 2016" to the Verkhovna Rada of Ukraine	Increase in the volume of support of agriculture by 450 million Ukrainian Hryvnias	Ministry of Finance of Ukraine Ministry of Agrarian Policy and Food of Ukraine Ministry of Economic Development and Trade of Ukraine	Quarters II-III	
	Preparation and submission of the draft Law of Ukraine "On Amending the Law of Ukraine "On Peculiarities of Insurance of Agricultural Products with State Support" to the Verkhovna Rada of Ukraine	Perfection of a system of agricultural insurance in consideration of the experience of the leading world countries	Ministry of Agrarian Policy and Food of Ukraine National Commission for the State Regulation of Financial Services Markets	Quarters III-IV	

3	Preparation and submission of the draft Law of Ukraine "On Stimulation of Development of Agro-Industrial Complex of Ukraine" to the Verkhovna Rada of Ukraine	Improvement of a mechanism of state support of agriculture, creation of conditions for attraction of small manufacturers into an organized agrarian market	Ministry of Agrarian Policy and Food of Ukraine	Quarter III	
4	Drafting and adoption of a resolution of the Cabinet of Ministers of Ukraine on approval of the State Target Program of Agrarian Sector Development for a Period till 2020	Approval of the measures for stimulation of the agrarian sector development	Ministry of Agrarian Policy and Food of Ukraine	Quarters II-III	Creation of conditions for the development of highly efficient competitive agrarian sector both on the domestic and foreign markets
5	Provision of the Verkhovna Rada of Ukraine with a draft Law of Ukraine "On Amending Item 2 Chapter II "Final Provisions" of the Law of Ukraine "On Amending Certain Legislative Acts of Ukraine"	Increase of the incomes of the state budget. Reorganization or privatization of State Land Bank Public Joint Stock Company	Ministry of Agrarian Policy and Food of Ukraine	Quarter II	Additional proceeds to the state budget in the amount 200 to 250 million Ukrainian Hryvnias

Next key steps, which shall be taken in the medium term:

Clarification work among potential participants, training and seminars including involvement of experts and specialists of domestic and foreign companies. Support of cooperation development by means of association of small and medium agricultural commodity manufacturers. Stimulating incorporation of the companies with deep processing of agricultural raw materials (increase of the added value) as well as increase of their export potential. Stimulation of production of organic products. Further development of the agrarian market.

II. 13. Procuring full work of the State Service of Ukraine on Food Safety and Consumer Protection

Problem statement:

There is a necessity to procure full and efficient operation of the State Service of Ukraine on Food Safety and Consumer Protection, which is a governmental authority ensuring expansion of export sales markets and appropriate safety of the products for consumers.

For this purpose a top prioritized assignment is to approach the legislation of Ukraine in the field of sanitary and phytosanitary measures to the EU legislation.

Goal:

Ensure expansion of Ukrainian export of food products to foreign markets, which will allow creating new workplaces in Ukraine and improve safety of food products consumed by the Ukrainians.

What has already been done in a previous period:

A Comprehensive Strategy for Implementation of Chapter IV (Sanitary and Phytosanitary Measures) of Title IV "Trade and Trade-related Matters" of the Association Agreement between Ukraine, on the one hand, and the European Union, European Atomic Energy Community and their Member States, on the other hand, has been approved.

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal:

	Steps	Clarifications, justification	Responsible, including other Ministries and institutions	Terms (quarter)	What implementation of this step will bring
1	Consideration of a Comprehensive Strategy for Implementation of Chapter IV (Sanitary and Phytosanitary Measures) of Title IV "Trade and Trade-related Matters" of the Association Agreement between Ukraine and the EU by a bilateral authority between Ukraine and the European Union according to the Association Agreement between	The aforementioned measures will procure approaching of the provisions of the Ukrainian law to the EU and allow expanding access of Ukrainian food products to the European market and increase safety of food products on the domestic market	Ministry of Agrarian Policy and Food of Ukraine State Service of Ukraine on Food Safety and Consumer Protection	Quarter III	Approval of the strategy by a bilateral authority between Ukraine and the EU

	Ukraine and the EU.				
	Drafting proposals to the action plan for implementation of the Association Agreement between Ukraine, on the one hand, and the European Union, European Atomic Energy Community and their Member States, on the other hand, for 2014 to 2017, which is approved by the order of the Cabinet of Ministers of Ukraine No. 847 dated 17 September 2014, regarding fulfillment of the Strategy.		Ministry of Agrarian Policy and Food of Ukraine State Service of Ukraine on Food Safety and Consumer Protection	Quarter III	Drafting and adoption of the necessary regulatory legal acts to ensure performance of the functions by competent authorities in the sphere of sanitary and phytosanitary measures.

Next key steps, which shall be taken in the medium term:

Audit, optimization and retrofitting of a network of laboratories. Improvement of personnel's qualification and re-attestation of them. Implementation of risk-oriented principles of control.

II. 14. Land reform completion

Problem statement:

Reformation of land relations is intended for solving a number of key problems, which are closely related to social, environmental and economic matters.

Formation of sustainable land relations is one of important factors that stimulate economic growth in the agrarian sector, implementation of the people's rights (almost 7 million) and reasonable use of land resources.

Denationalization and privatization of state agricultural enterprises will allow getting rid of unprofitable state assets and give people the land plots, which will provide an opportunity to them to launch their own agricultural activities.

From 41.6 million hectares of all agricultural estates of Ukraine 30.8 million hectares are the private property, including 27.5 million hectares of distributed lands, which are provided into the ownership of 6.92 million Ukrainian citizens. Approximately 10.5 million hectares of agricultural estates are owned by the state.

Goal:

Improvement of competitiveness and of pledge capacity of agricultural manufacturers. Creation of conditions for the implementation of sustainable land relations, including by means of stimulation of conclusion of long-term rental agreements and implementation of circulation of such rights (namely, sale of the rental rights and pledge thereof).

Target indicators for 2016:

Till the end of the year create a regulatory legal field to solve a number of issues connected with land relations: implementation of circulation of the long-term rental rights on the lands of agricultural purpose of use, selling and pledging them, settlement of the problems of escheat. Adoption of the Law of Ukraine "On Circulation of Lands".

What has already been done in a previous period:

Draft amendments to the Land Code of Ukraine as well as other legislative acts on the basis of which it is proposed to expand powers of local self-government authorities on management of the lands, including outside the inhabited settlements, have been adopted.

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal:

	Steps	Clarifications, justification	Responsible	Terms (quarter)	What implementation of this step will bring
1	Support of adoption of the Law 4355 and Law 3006 by the Verkhovna Rada of Ukraine	Legislative regulation of the matters concerning provision of the state-owned lands into municipal ownership and solving of a problem of escheat	Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine Ministry of Agrarian Policy and Food of Ukraine State Service of Geodesy, Cartography and Cadastre of Ukraine	Quarter II	Decentralization of land resources management and increase of efficiency of land resources management
2	Solving a problem of the lands with unclear legal status: field roads, shelterbelts, collective ownership, retained (unclaimed) land shares	There is a necessity to bring a legal status of the lands under the field roads, shelterbelts and collective ownership lands into conformity with the legislation	Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine Ministry of Agrarian Policy and Food of Ukraine State Service of Geodesy, Cartography and Cadastre of Ukraine	Quarter III	Deciding on a legal status of the lands with unclear legal status
3	Submission of a draft Law on deciding on the mechanism of denationalization and privatization of state-owned enterprises to the Verkhovna Rada of Ukraine	Denationalization of the lands of state-owned enterprises by means of provision of a share of the lands into the ownership of the workers in the form of a land share	Ministry of Economic Development and Trade of Ukraine Ministry of Agrarian Policy and Food of Ukraine Ministry of	Quarter III	Receipt of a legislative mechanism for denationalization and privatization of state-owned enterprises

			Regional Development, Construction and Housing and Communal Services of Ukraine		
4	Creation of the legislative base for development of a mechanism of economic stimulation of sustainable and efficient land use	Implementation of a mechanism of economic stimulation of sustainable land use for prevention and fighting degradation of the lands and creation of the basis for consolidation of the lands for the purpose of improving efficiency of use thereof	Ministry of Agrarian Policy and Food of Ukraine Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine State Service of Geodesy, Cartography and Cadastre of Ukraine	Quarter IV	Procuring sustainable and reasonable use of land resources
5	Submission of a draft Law on circulation of the lands of agricultural purpose of use to the Verkhovna Rada of Ukraine	Development of legislative basis for the implementation of circulation of the lands of agricultural purpose of use	Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine Ministry of Agrarian Policy and Food of Ukraine Ministry of Economic Development and Trade of Ukraine Ministry of Justice of Ukraine State Service of Geodesy, Cartography and Cadastre of Ukraine	Quarter IV	Possibility to cancel a moratorium and implementation of circulation of the lands of agricultural purpose of use

Next key steps, which shall be taken in the medium term:

Conduct of a necessary information campaign on clarification of positive consequences of implementing circulation of the lands of agricultural purpose of use, development of advisory services. Creation of the necessary infrastructure of circulation of the rights to the lands of agricultural purpose of use.

II. 15. Development of organic market of Ukraine

Problem statement:

Ukraine has good perspectives for the development of organic production and expansion to the world markets. Nevertheless, currently a domestic organic market is not almost regulated by law and that is the reason why only a minor share of Ukrainian manufacturers managed to expand to foreign markets. Potential of Ukrainian manufacturers of organics is extremely high: demand for such products in the entire world considerably exceeds the proposal. Development of the market of such products is a stimulation of the development of small agrarian business and farms of Ukraine.

There were 182 certified manufacturers of organic products recorded in Ukraine. This year their quantity reaches 300. Furthermore, a total area of Ukrainian lands used for organic agriculture was 400.8 thousand hectares in 2014. Moreover, 530 thousand hectares of wild plants have also been certified.

The volume of retail trade in organic products in Ukraine is currently assessed in the amount of 15 million Euros and has perspectives for considerable growth.

Goal:

Setting efficient control by the state in the sphere of organic production in Ukraine, which will make it impossible to have unfair competition and facilitate growth of trust to the Ukrainian organic products by development and adoption of relevant regulatory legal acts as well as a new version of the Law of Ukraine "On Manufacture and Circulation of Organic Agricultural Products and Raw Materials" that shall be harmonized with the EU standards.

Budget support of farms in organic production.

Target indicators for 2016:

- Development of 8 regulatory legal acts, which will ensure appropriate functioning of a market of organic products and raw materials;
- Improvement and adaptation of the effective Ukrainian legislation to the requirements of the EU legislation.

What has already been done in a previous period:

As the fulfillment of the Law of Ukraine "On Manufacture and Circulation of Organic Agricultural Products and Raw Materials" 6 regulatory legal acts have been adopted together with the state logotype for marking of organic products.

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal:

	Steps	Clarifications, justification	Responsible, including other Ministries and institutions	Terms (quarter)	What implementation of this step will bring
1	State support of manufacturers of organic products from the State Farmers Support Fund of Ukraine	Consideration of a priority of organic production when providing state support to agricultural manufacturers.	Ministry of Agrarian Policy and Food of Ukraine; Ministry of Finance of Ukraine; Ministry of Economic Development and Trade of Ukraine	Quarter II 2016	Improvement of the interest of manufacturers of agricultural products in a possibility of transition to organic production.
2	Provision of the Verkhovna Rada of Ukraine with a draft Law of Ukraine "On Amending the Law of Ukraine "On Manufacture and Circulation of Organic Agricultural Products and Raw Materials".	Creating conditions for the development of an organic sector of agriculture.	Ministry of Agrarian Policy and Food of Ukraine, State Service of Ukraine on Food Safety and Consumer Protection	Quarter III 2016	Development of an efficient mechanism for regulation of the market of organic products and raw materials.
3	Implementation of the provisions of the Law at the level of regulatory legal acts	Approval of the forms of documents for organic products, methodological recommendations in the sphere of organic production, order of inspections of organic products market players and other	Ministry of Agrarian Policy and Food of Ukraine State Service of Ukraine on Food Safety and Consumer Protection	Quarter IV 2016	Appropriate state control of the market of organic products and raw materials.

		regulatory legal acts.			
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Next key steps, which shall be taken in the medium term:

- facilitation of functioning of the organic products market in Ukraine and ensuring efficient state control in the sphere of production of organic products;
- regular joint consultations regarding development of the market among public administrators, members of organic agricultural production with the involvement of international specialists;
- training jointly with public and international organizations, improvement of qualification for organic production specialists as well as conduct of conferences, round tables;
- popularization of organic products among consumers: ensuring participation of manufacturers of organic products in festivals, exhibitions and fairs;
- appointment of persons responsible for development of the organic market in the regions by governmental authorities at relevant places.

III. MODERNIZATION OF INFRASTRUCTURE

III. 1. Reform of the natural gas market (according to the requirements of the European Union's Third Energy Package)

Problem statement:

The natural gas market of Ukraine has been monopolized and uncompetitive for a long period of time. It resulted in the fact own production of gas did not develop and the energy security of the country was under threat.

Ukraine, as a member of the Energy Community, fulfilled all requirements of the Third Energy Package related to liberalization of the natural gas market. However, full liberalization and demonopolization of the natural gas market requires division of monopolies by types of activities. Without implementation of the plan for restructuring of National Joint Stock Company Naftogaz of Ukraine the development of the natural gas market of Ukraine is impossible. Separation of the activities on transmission of natural gas from extraction, supply and other types of activities will ensure protection of interests of Ukrainian consumers and it is extremely necessary for energy security of the country.

Ukraine managed to change the structure of natural gas import for the first time in 2015. Volumes of gas import from the European market increased more than twice (5.0 to 10.3 billion cubic meters), and import of gas from the Russian Federation for 2015 decreased from 14.4 billion cubic meters in 2014 up to 6.1 billion cubic meters in 2015 (i.e. in 2.3 times).

In 2015 use of gas in Ukraine as compared with 2014 decreased by 8.8 billion cubic meters or 21% (42.6 billion cubic meters to 33.8 billion cubic meters) in consideration of loss of supply to Crimea and Donbas in 2015 that makes 0.5 billion cubic meters.

Goal:

Creating conditions for sustainable development of a field of own production of gas and implementation of transparent rules for all market players. Continuation of reforms on liberalization of the Ukrainian gas market in compliance with the European standards.

Target indicators for 2016:

- Stoppage of a drop in natural gas production. Increase of gas production till 2020 in the volume up to 27 billion cubic meters, which will totally satisfy domestic demand.
- Change of a structure of natural gas import, namely, by boosting capacity of reverse gas flow in the direction Slovakia-Ukraine through Budince gas metering station up to 54-57 million cubic meters per day.

What has already been done in a previous period:

The Law of Ukraine "On Natural Gas Market" was adopted in 2015.

According to the Law secondary legislation has been prepared and adopted, including the Code of Gas Transmission System Operator, Code of Gas Distribution Systems and Code of Natural Gas Storage Facilities

Order of the Cabinet of Ministers of Ukraine "On Approval of the Action Plan for Implementation of the Extractive Industries Transparency Initiative for 2015" has been approved.

Sequence of the steps, which are planned to be taken till the end of the year:

No.	Steps	Clarifications, grounding	Responsible, including other ministries and institutions	Deadlines (quarter)	What the implementation of this step will result in
	Development and adoption of secondary legislation	Law of Ukraine "On Gas Market"	Ministry of Energy and Coal Industry of Ukraine, Ministry of Finance of Ukraine, Ministry of Economic Development and Trade of Ukraine, Ministry of Justice of Ukraine, National Commission for State Regulation of Energy and Utilities, Naftogaz of Ukraine National Joint Stock Company	Quarter IV	It will allow practical implementation of provisions of the Law of Ukraine "On Natural Gas Market"
	Implementation of IT system to procure daily balancing of gas		Ministry of Energy and Coal Industry of Ukraine Naftogaz of Ukraine National Joint Stock Company PJSC Ukrtransgaz	Quarter IV	It will allow implementing a practice of the EU gas market players regarding balancing of natural gas and integrate with the EU gas market
	Implementation of the first stage (separation of gas transmission) of restructuring Naftogaz of Ukraine NJSC	Law of Ukraine "On Natural Gas Market" Order of the Cabinet of Ministers of Ukraine No. 375-p dated 15 March 2015	Ministry of Energy and Coal Industry of Ukraine, Ministry of Economic Development and Trade of Ukraine Ministry of Finance of Ukraine, Ministry of Justice of Ukraine State Property Fund of Ukraine	Quarters II-III	It will allow liberalizing and demonopolizing the natural gas market of Ukraine
	Development of legislative base: 1) for storage of natural gas by the EU market players in underground	Law of Ukraine "On Gas Market", Coalition Agreement of Deputy Factions "European Ukraine"	Ministry of Energy and Coal Industry of Ukraine, Ministry of Finance of Ukraine, State Fiscal Service of Ukraine, Ministry of Justice of Ukraine,	Quarter IV	Creating conditions for functioning of gas hub in Ukraine

	natural gas storage facilities in the mode of "customs warehouse"; 2) to implement a system according to which a cost of natural gas will be connected with its energy value		Naftogaz of Ukraine National Joint Stock Company, PJSC Ukrtransgaz		
	Development of conditions to ensure stimulating tariff-setting (RAB tariff) for the GAS TRANSMISSION SYSTEM Operator and gas distribution system operators	Law of Ukraine "On Gas Market"	Ministry of Energy and Coal Industry of Ukraine, National Commission for State Regulation of Energy and Utilities Naftogaz of Ukraine National Joint Stock Company, PJSC Ukrtransgaz	Quarter IV	Development of a tariff-setting system on the basis of long-term regulation of tariffs designed for raising investments for construction and modernization of gas networks and stimulation of efficiency of gas distribution companies' costs.
	Development of legislative acts to ensure trade in natural gas at exchanges	Law of Ukraine "On Gas Market" European Union's Third Energy Package	Ministry of Energy and Coal Industry of Ukraine, National Commission for State Regulation of Energy and Utilities Naftogaz of Ukraine National Joint Stock Company PJSC Ukrtransgaz	Quarter IV	Creating conditions for trade in natural gas at exchanges

Next key steps, which shall be taken in the medium term:

Ensuring liquidity of the natural gas market. Determination of a model of restructuring Naftogaz of Ukraine NJSC. Virtual reverse of natural gas. Development of a legislative base to create a gas hub in Ukraine. Amending the natural gas transit contract due to implementation of new tariffs for natural gas transmission services effective 1 January 2016.

III. 2. Electrical energy market reform

Problem statement:

Development of the national economy as well as electrical energy and energy industry requires further liberalization of the electrical energy market, improvement of a degree of reliability of supplying electrical energy to consumers, in consideration of their interests, reduction of the costs on electrical energy supply services. Furthermore, by signing an agreement on membership at the Energy Community Ukraine accepted an obligation to apply the rules of the European Union's Third Energy Package from 1 January 2015.

The work group at the Ministry of Energy and Coal Industry of Ukraine developed a draft Law of Ukraine "On the Electrical Energy Market of Ukraine", which sets out legal, economic and organizational basis of electrical energy market functioning and regulates relations connected with production, transmission, distribution, sales and purchase, supply of electrical energy to procure reliable and safe supply of electrical energy to consumers, development of market relations, minimization of costs on supply of electrical energy as well as minimization of negative impact on the environment.

For 2015 the volume of production of electrical energy by power stations, which are included in the unified energy system of Ukraine, was 157,634.8 million kW/h, which is by 24,310.2 million kW/h or 13.4% lesser than in 2014.

Consumption of electrical energy throughout the course of 2015 also decreased by 15,926.1 million kW/h (or by 11.8%) as compared with the same figure in 2014.

3,641.6 million kW/h of electrical energy was exported during 2015, which is by 4,411.3 million kW/h or 54.8 lesser than in 2014 (export to other countries).

Goal:

Reforming electrical energy market Stimulating receipt of investments into the industry. Development of competition in all segments of the electrical energy market. Development of conditions of equality for all market players as well as ensuring a possibility of integration of the energy system of Ukraine into the European markets of electrical energy, namely, by means of bringing internal legislation into conformity with the European legal regulations and rules. It will allow Ukrainian consumers receiving quality services at a competitive price and electrical energy producers implementing export potential in future due to access to the European market.

Target indicators for 2016:

- stoppage of a drop in the volumes of electrical energy production and consumption. According to the forecast the volume of electrical energy production in 2016 will be 156,550 million kW/h, which is by 0.69% lesser than the figure of 2015, against a drop amounting to 13.4% in 2015 as compared with 2014. Therefore, a decrease in electrical energy consumption in 2016 will make 2.39% against a drop in the amount of 11.8% in 2015 as compared with 2014.
- substantial increase of export of electrical energy and bringing the volume of it to a figure of 7,178 million kW/h, which is by 1.97 times more than the figure of 2015.

What has already been done in a previous period:

Draft Law of Ukraine "On Electrical Energy Market of Ukraine", which is sent for consideration to the Verkhovna Rada of Ukraine has been developed (registration number 4493 dated 21 April 2016).

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal:

No.	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
1	Development of a regulatory legal base to shift to a new model of electrical energy market functioning	Rules of the European Union's Third Energy Package	Ministry of Energy and Coal Industry of Ukraine Ministry of Finance of Ukraine, Ministry of Economic Development and Trade of Ukraine, Ministry of Justice of Ukraine, National Commission for State Regulation of Energy and Utilities	Quarter IV	Ensures legal ground for shifting to a new model of the energy market
3	Implementation of the project "Feasibility Study on Synchronous Interconnection of Ukrainian and Moldovan Power Systems to ENTSO-E Continental Europe Power System"	Prioritized action plan on integration of Ukraine with the EU	Ministry of Energy and Coal Industry of Ukraine	Quarter III	Ensure drafting of an Agreement, which will include all technical, organizational and legal aspects required for synchronous operation of the Ukrainian power systems with the Continental Europe Power System
4	Finalization of the project for construction of a centralized spent nuclear fuel storage of WWER reactors of domestic nuclear power stations and determining	Annual savings approximately amounting to 200 million US Dollars	Ministry of Energy and Coal Industry of Ukraine, Ministry of Finance of Ukraine, Ministry of Economic Development and Trade of Ukraine	Quarter IV	It will allow avoiding monopoly dependence on the services of Russian enterprises on technological storage and processing of

No.	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
	sources of financing				spent nuclear fuel

Next key steps, which shall be taken in the medium term:

Future liberalization of the electrical energy market, creation of competitive environment in all segments of the electrical energy market, implementation of bilateral agreements on the electrical energy market, day-ahead market, internal daily balancing, retail markets and market of support services. Integration of energy systems of Ukraine with the European markets of electrical energy, implementation of a system of special obligations to ensure general public interests on the electrical energy market, approval of a mechanism for temporary support of certain thermal and electrical power plants to reconstruct them and criteria of support provision.

III. 3. Coal industry reform

Problem statement:

Coal industry, which is one of the major industries of the national economy, has been in a crisis status for a long period of time. Almost 96 percent of mines have been working without reconstruction for more than 20 years. Due to a slow restructuring in the industry majority of loss-making and non-perspective mines are being operated. Volumes of coal production and conduct of mining, first of all, opening and preparatory have decreased the last year at the enterprises of the industry, which are located within the territory controlled by Ukraine. There is a real threat of coal mining stoppage at the majority of mines throughout the course of the next one or two years.

State-owned coal mining enterprises, which are currently located within the territory controlled by Ukraine, produced 7.8 million tons of coal in a total amount of 3.1 billion Ukrainian Hryvnias in 2014 and received 4.1 billion Ukrainian Hryvnias of state support for partial coverage of expenses on cost value of finished commodity coal products. Production generated finished commodity coal products almost amounting to 5 million Ukrainian Hryvnias.

6.7 million tons of coal was produced in a total amount of 4.2 billion Ukrainian Hryvnias in 2015 and 1.2 billion Ukrainian Hryvnias of state support was received for partial coverage of expenses on cost value of finished commodity coal products. Losses from manufacturing of finished commodity coal products amounted to 4.4. billion Ukrainian Hryvnias.

Goal:

Comprehensive solving of problems of coal industry operation, conduct of system measures on use of its potential for increase of the volumes of coal production, increase of efficiency and transfer of coal industry to a self-sustaining mode of operation without any subsidies together with simultaneous solving of environmental and social problems of mining regions. Development of favourable investment environment for the purpose of mines privatization.

Target indicators for 2016:

- State-owned coal mining enterprises plan coal production in the volume of 7.2 million tons till the end of 2016.
- Implementation of structural changes in the industry and procuring gradual increase of coal production up to the volumes required to ensure energy security of the state, namely, up to 19.6 million tons in 2020.

What has already been done in a previous period:

Ministry of Energy and Coal Industry of Ukraine has developed a draft order of the Cabinet of Ministers of Ukraine "On Approval of the Concept of the State Target Economic Program of Coal Industry Reformation till 2020".

The draft Concept sets out problems of a coal industry and the ways of solving them, which provide for achievement of profitability of coal enterprises and gradual increase of coal production, administrative personnel reduction and closing only the mines, which do not have any perspectives to become profitable.

Sequence of the steps, which are planned to be taken till the end of the year in order to achieve the goal:

No.	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
1	Development of a regulatory legal base to commence coal industry reformation	Necessity to ensure energy security of the state by increase of coal production	Ministry of Energy and Coal Industry of Ukraine, Ministry of Justice of Ukraine, Ministry of Economic Development and Trade of Ukraine, Ministry of Finance of Ukraine, Ministry of Social Policy of Ukraine, Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine, Ministry of Education and Science of Ukraine Ministry of Temporarily Occupied Territories and IDPs, Ministry of Ecology and Natural Resources of Ukraine, State Agency on Energy Efficiency and Energy Saving of Ukraine, oblast state administrations, State property Fund of Ukraine, industry trade unions	Quarter IV	Creating transparent and competitive environment for operation of the coal industry within the framework of market relations and raising private investments in the coal industry
2	Consideration and analysis of	Necessity to determine a	Ministry of Energy and Coal Industry of Ukraine	Quarter II	It will allow identifying the

No.	Steps	Clarifications, grounding	Responsible	Deadlines (quarter)	What the implementation of this step will result in
	programs for the development of state-owned coal mining enterprises for 2016 and in perspective till 2020, which provide for reaching a break-even level of operation in the short term	possibility for state-owned coal mining enterprises to reach a break-even level of production activities			lists of the enterprises to implement a structural rebuilding of the coal industry

Next key steps, which shall be taken in the medium term:

Restructuring of the coal industry by optimization of the mine fund on the basis of perspective mines, including a newly built mine No. 10 Novovolynska, which have a possibility to reach a break-even level of operation in the short term.

Conservation of mines with low technical and economic indicators, high level of depreciation of the mine stock, considerable volume of capital investments required in order bring a mine to a break-even level of operation. Liquidation of mines, which finish processing of industrial supplies or do not have any possibility to reach a break-even level of operation even subject to considerable capital investments. Ensuring social support of redundant workers.

Restoration of fixed assets of enterprises. Increase of the volumes of coal mining according to the needs of heat and energy generating complex provided optimization of state support and decrease of it up to a minimum volume. Creating transparent and competitive environment for operation of the coal industry within the framework of market relations and raising private investments in the coal industry. Privatization of coal mining enterprises.

III. 4. Energy saving and energy efficiency

Problem statement:

In Ukraine, energy consumption, in particular by private sector, is higher several-fold compared to developed European countries. However, the process of reducing energy consumption, including through thermal modernization of buildings, is going extremely slowly. For instance, only 223 ACMBs/BCs took the opportunity of participation in the state target economic program on energy efficiency and development of sector of energy production from renewable energy sources and alternative fuels (hereinafter - the Program). Therefore, it is important to expand the list of entities that will be able to receive state support for the implementation of energy efficiency projects. In particular, for account of managers and economic entity that concluded energy service contracts with co-owners of multifamily buildings, ACMBs, BCs or managers of multifamily buildings. Since the managers and energy service companies (ESC) have no tools to attract long-term investments in thermal modernization of the housing stock. And the energy service projects in apartment buildings are not investment-attractive because of the high cost of credit resources. In addition, a further increase in utility tariffs requires further implementation in 2017 and 2018 of the mechanism of state support of the population before the implementation of energy efficiency measures provided by the Program.

Average measure of specific energy consumption throughout Ukraine is 2 to 3 times higher than the corresponding measure in developed countries of the European Union. Average specific energy consumption in multi-apartment buildings is 264 kWh/m², while the corresponding European measure does not exceed 90 kWh/m² on average.

Objective:

Reducing natural gas consumption, introduction of modern energy efficient technologies, promoting the development of renewable energy sources and alternative fuels, providing housing services of high quality.

Targets for 2016:

Specific energy consumption measures in a residential building depend on a number of factors and cannot be significantly changed for a short period.

Along with this, the measures of specific energy consumption by residential buildings and public institutions have to be brought closer to European ones (about 100 kWh/m²); energy saving in 2017 at the level of 5% and in 2020 at the level of 9% of the average annual final consumption for 2005-2009; 100% accounting resources consumption, in particular, of water and heat.

Quantitative indicators of performance against state target economic program on energy efficiency and development of sector of energy production from renewable energy sources and alternative fuels for 2017-2018

in 2016, involvement of 149.09 thousand households and 2.2 thousand ACMBs in the Program.

Projected lending for 2017 and 2018: + 20% for the mechanism of purchasing boilers using any types of fuel and energy (except for natural gas and electrical energy), +46% - for the mechanism of purchasing energy efficient equipment and/or materials (individuals), + 94% - for the mechanism of purchasing energy efficient equipment and/or materials (ACMBs/BCs).

What has been done in the previous period:

- Special provisions on legal bases of implementing energy service contracts have been adopted;
- New investment opportunities for business entities to conduct large-scale energy modernization have been introduced;
- National Action Plan for Energy Efficiency has been adopted for the period up to 2020 and a mechanism of co-financing the energy efficiency measures for households – individuals and ACMBs/BCs has been launched at the state level within the framework of the Program, which was extended to 2016 This year, the financing of the measures under Program has been increased by UAH 700 million.

Sequence of steps to be done by the year's end

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	Settlement of legal and organizational principles of activities in the field of ensuring energy efficiency of buildings	Technical condition of the vast majority of existing buildings and energy systems does not enable to provide an adequate level of energy performance of buildings. To solve the problem, the draft law "On Energy Efficiency of Buildings" has to be adopted	State Agency on Energy Efficiency and Energy Saving of Ukraine, Ministry for Regional Development, Building and Housing of Ukraine	2016	Improving the energy performance of buildings
	Ensuring 80-percent house-to-house accounting of consumed	Setting the legal requirements for the set-up of heat and water metering	Ministry for Regional Development, Building and Housing of Ukraine State Agency on Energy Efficiency and Energy Saving of Ukraine	2016	Ensuring commercial accounting of heat, hot water and centralized

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	resources (services)	units. Adoption of the draft law "On Commercial Accounting of Utilities"	National Commission for State Energy and Public Utilities Regulation (by agreement)		drinking water supply services and providing appropriate accounting information to consumers of such services
	Introduction of the certification system for energy efficiency of buildings and increasing the number of buildings with energy consumption close to zero	In pursuance of the Directive 2010/31/EU of the European Parliament and of the Council "On Energy Performance of Buildings"	State Agency on Energy Efficiency and Energy Saving of Ukraine Ministry for Regional Development, Building and Housing of Ukraine	after the adoption of the Law of Ukraine "On Energy Efficiency of Buildings"	Certification of 100% of newly constructed buildings and structures, where thermal modernization measures are introduced
	Establishment of Energy Efficiency Fund	Introduction of a transparent mechanism for financing the projects aimed at reducing energy consumption. A special feature of Fund's activities should be the involvement of subsidies for housing and utilities services received by more than 30 % of households in Ukraine in the system of financing the projects on energy efficiency of buildings.	Ministry for Regional Development, Building and Housing of Ukraine State Agency on Energy Efficiency and Energy Saving of Ukraine Ministry of Economic Development Ministry of Finance Ministry of Justice	2016	Achieving saving in three to five years after the establishment of the Fund — about 1 billion cubic meters of gas per year; creating a new market of energy efficiency measures with a dynamic annual capacity of up to EUR 1.5 billion.

Key further steps to be implemented in the medium term

Conducting of a national information campaign on:

promotion of the Program's benefits and involvement of managers and energy service contractors in the implementation of energy efficiency measures in apartment buildings;

explanation of legal, economic and organizational aspects of the involvement of managers and energy service contractors in the implementation of energy efficiency measures, special features of providing state support to such entities.

III. 5. Restoration of the road network and formation of a qualitatively new system of public roads management and financing

Problem statement:

The current state of road network does not meet the needs of the economy by 97% and requires major and current repairs. The production and personnel potential of domestic road companies both of public and private ownership has been lost almost completely. Poor condition of roads leads to annual losses of up to 5 % of GDP and to indirect losses due to high transportation costs, low driving speed and indirect losses due to reduced competitiveness.

Over the past 15 years the volume of construction works on public roads has reduced significantly: at the standard annual need of 27 600 km, in 2000 it was built and renovated 11 793.0 km, in 2011 – 2008.5 km, in 2015 - only 312.5 km (representing 15.6 % compared to 2011, 2.6 % compared to 2000 and 1.1 % to the annual need). If in 2000, the level of financial support for road maintenance met minimum requirements, in 2011 it was only 70 %. In 2015, only UAH 3068.6 million has been allocated for these purposes, which is 40 % of the critical minimum need (UAH 8 300 million) and 9 % of the estimated regulatory need (UAH 34 055 million).

In general, the level of road sector financing in Ukraine is one of the lowest in the world and accounts for only 0.9% of GDP, while in Poland it is 1.4%, in Russia – 1.5% , in Belarus – 2.2%, in developed countries on average – 3.0% of GDP, in China – 3.5%, in Finland – 3.9%.

Objective:

Ensuring proper condition of public roads. Creating an effective model of road sector financing that will solve the problem of lack of funds for the construction and repair works.

Establishment and functioning of the State Road Fund. The following is expected for the country by the end of this year: repayment of debts and rehabilitation of domestic road companies;

The following is expected for the people: improvement of the most socially significant sections of roadways.

Targets for 2016:

By the end of this year: construction, reconstruction and repair of 1.7 thousand km of roadways; elimination of at least 3.7 million sq. m of potholes. In the medium term – increasing the annual volumes of reconstruction and repair of roadways 16 times.

In the medium term: to transfer 131.0 thousand km of local roads under the control of local authorities; annual volumes of repair of state significant roads – 4.6 thousand km; annual volumes of repair of local roads – 23.0 thousand km.

What has been done in the previous period

- The Resolution of the Cabinet of Ministers of Ukraine No. 432 of 31.03.2015 approved the new Concept of public administration system reform regarding public roadways, which was elaborated taking into account the provisions of the Coalition Agreement and the Government Action Program.
- The Cabinet of Ministers of Ukraine adopted a Resolution No. 576 of 10.07.2015 "On Certain Matters of Public Joint Stock Company "State Joint Stock Company "Roadways of Ukraine" regarding the liquidation of the Company, followed by creation of a qualitatively new system of operating maintenance of roadways.
- A cooperation with local authorities has been initiated regarding financing of works on public roads at the expense of local budgets – UAH 501.2 million was allocated in the course of 2015. In addition, by way of an experiment on directing above-plan customs receipts in Volyn, Lviv, Odesa and Chernivtsi Oblasts to public roads, UAH 317.3 million of funds from Oblast budgets was allocated in 2015.
- Owing to adoption of a number of legislative acts, local authorities received significantly expanded capabilities and legal basis for the financing of repair and construction works on public roads.
- A cooperation on joint projects with international financial institutions has been continued. Within the initiation of the project "Third project on improvement of roads and safety" (USD 560 million), on 19.11.2015 a loan agreement and other relevant documents were signed. Before the EBRD and EIB, the "Fifth project on improvement of transport and operating condition of roads" has been initiated.

Sequence of steps to be done by the year's end

No.	Steps	Explanation, justification, grounds for development	Responsible	Time frame (quarter)	What the implementation of this step will result in
1	Ensuring the repayment of debts to contractors for works performed	Outstanding debts lead to blocking of accounts of road services in Oblasts and the inability to perform production program 2016 by the contractors, and the impossibility of	State Road Agency of Ukraine, Ministry of Infrastructure, Ministry of Finance, Ministry of Justice	II-III quarter	A prerequisite for the implementation of the production program 2016

No.	Steps	Explanation, justification, grounds for development	Responsible	Time frame (quarter)	What the implementation of this step will result in
		co-financing and costs of the development of design and estimate documentation under joint projects with international financial institutions			
2	Using the available balance of credit proceeds borrowed in previous years	Allocation of additional funds to repair and construction works, which will enable to increase the amount of repaired roads	State Road Agency of Ukraine, Ministry of Infrastructure, Ministry of Finance, Ministry of Justice	II-III quarter	Allocation of funds to repair and construction works, 367 km of roads will be repaired additionally
3	Redistribution of expenditures in terms of reduction thereof under budget program on fulfillment of obligations of the State Road Agency of Ukraine on the borrowings (3111030), and increase in expenditures for implementation of the budget program on network development and maintenance of public roads (3111020)	Additional financial resource, which appeared due to restructuring of loans from Sberbank of Russia and Citibank, should be directed to ensuring a minimal need for pothole repair of the network during winter maintenance	State Road Agency of Ukraine, Ministry of Infrastructure, Ministry of Finance, Ministry of Justice	II-III quarter	Compensate a minimum need for operational maintenance and increase expenditures on the repair and construction work.
4	Preparations for the establishment of the State Road	The Fund will make it possible to ensure financing of	State Road Agency of Ukraine, Ministry of Infrastructure, Ministry of Finance, Ministry of	II-III quarter	Ensuring targeted use of funds for public roads. Stable and

No.	Steps	Explanation, justification, grounds for development	Responsible	Time frame (quarter)	What the implementation of this step will result in
	Fund	public roads at the expense of their users – payers of excise and customs duties on fuel. Action Plan of CMU for 2016: Item 309	Justice		predicted financing of road sector at all levels

Key further steps to be implemented in the medium term

To ensure the restoration of the network of public roads in the medium term it is necessary to do the following:

- complete the process of reforming the system of public administration of public roads;
- expand the target sources of road sector financing;
- develop and approve Public Roads Restoration Program for 2017-2021;
- ensure the performance of works in volumes established by Public Roads Restoration Program for 2017-2021;

III. 6. Control of freight transport movement on public roads

Problem statement:

The movement of motor vehicles that exceed the established weight parameters (often several times) results in destruction of the road surface, especially during the summer period and towards the ports of Southern Ukraine. The main problems of monitoring the compliance with weight parameters is the lack of weighting systems for weighing vehicles (34 complexes for the whole Ukraine) and gaps in the legislation that lead to violation of the weight and size standards.

In the period from 04.04.2016 to 21.04.2016, inspectors of the State Service of Ukraine for Transport Safety using 9 complexes of the State Road Agency of Ukraine have checked 1552 vehicles, and 108 of them were in breach of weight parameters; a road toll was charged in the amount of EUR 78,118.63, of which UAH 70447.33 was paid (bona fide carriers). Penalties were imposed in the amount of UAH 166,600.00; UAH 17,000.00 was transferred to the state budget. However, this is small amount of funds compared to those that are necessary to restore the damage caused to roads due to violation of weight standards.

Objective:

Saving the pavement of public roads from destruction due to the movement of vehicles exceeding weight parameters by creation of a system of weight and dimensions control in inspection mode.

Targets for 2016:

- Increasing the number of weighting complexes from existing 34 to 105 units.
- Reducing the unplanned expenditures from the budget for the restoration of road infrastructure (savings on restoration of pavement will be about UAH 5 billion).
- Increasing the weight and size discipline of drivers that will reduce risk of imposing penalties for them
- At the initial stage, due to the efficiency of sanctions for non-compliance by drivers with weight and size discipline it is expected to receive revenues in the form of penalties in the amount of UAH 400 thousand per month.

What has been done in the previous period:

- The vehicles that carry divisible goods with a total weight over 40 tons or with axle load over 11 tons were barred from movement on public roads.
- As part of the budget sectoral support "Support for the Implementation of the Transport Strategy of Ukraine" the funds were received for the purchase of 71 mobile roadside complexes, which will be equipped with scales to test vehicles.

Sequence of steps to be done by the year's end to meet the objective.

Item No	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1	Purchase of mobile roadside complexes	The acquisition of 71 mobile roadside complexes is envisaged within the project "Support for the Implementation of the Transport Strategy of Ukraine".	State Service of Ukraine for Transport Safety Ministry of Infrastructure	II quarter 2016	Increasing the number of vehicle weighings
2	Conducting training of workers who will weigh the vehicles	The use of new equipment will require competent staff	State Service of Ukraine for Transport Safety	During 2016	Increased competence of supervisory authority
3	Creating the conditions for liberalization of carriers access to transport market while strengthening their	Deregulation of administrative services provision process in transport, introduction of "Single window"	State Service of Ukraine for Transport Safety Ministry of Infrastructure	During 2016	Increased competition in the transport market; Preservation of roadways

Item No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	responsibility	principle; Increasing the liability of business entities for violation of weight standards			

Key further steps to be implemented in the medium term

Upon availability of 105 mobile roadside complexes in the coming years it is necessary to do the following:

- ensure professional training of staff of the State Service of Ukraine for Transport Safety;
- provide the necessary staff of the State Service of Ukraine for Transport Safety that will perform road control;
- legal establishment of conditions for carriers under which the transportation of cargo exceeding weight parameters will be economically inexpedient

III. 7. Reform of Railway Transport

Problem statement:

The railway transport of Ukraine is in very tight situation. The need for capital investments is satisfied only by 5-6%. The reason of this is the outdated system of the railway industry management, which negatively affects its operation. Strict government regulation makes it impossible to create a competitive environment, limits access to the transport market for private rail carriers and does not enable to create a flexible system of tariff setting. As a result, the railway sector remains unattractive for investments and the service quality very low

Lack of competition, motivation to improve the efficiency of economic entities of the sector as well as of service quality, expanding their list; outdated methods of regulating the railway sector that do not meet current (market) business conditions; strict state regulation of tariffs for railway transportation, which makes it difficult to respond timely to the changing situation in the transport market; significant financial burden on the PJSC "Ukrzaliznytsia" associated with performing social functions of the state (transportation of subsidized categories of passengers, obligation to transport passengers in commuter traffic on tariffs significantly below cost); chronic lack of investments in the sector, which has led to a high degree of depreciation of fixed assets of the sector (80%) and non-compliance of railway technical equipment with requirements; low level of investment attractiveness.

In 2015, the cargo turnover of railways of Ukraine amounted to 195.1 billion ton-kilometers, which is by 7.7 % loser compared to 2014. Mainly, the decrease was due to reduction of transit traffic (by 13.1 %). 17.3 % of the total cargo turnover is transportation by private and leased freight cars. Passenger turnover in 2015 decreased by 3.1% against the level of 2014 and amounted to 35.9 billion passenger-kilometers. Subsidized categories of passengers were carried to the amount of UAH 731.7 million, compensation

for subsidized carriage amounted to UAH 182.1 million (24.9 %). By the results of 2015, Ukrzaliznytsia received loss in the amount of UAH 641.6 million (excluding the financial results of operations of private joint-stock companies, the shares of which were included in the authorized capital of PJSC "Ukrzaliznytsia"), including losses from passenger transportation amounted to UAH 7.4 billion.

Objective:

- **Formation of a liberal model of competitive railway transport market.**
- **Ensuring the availability and improving the quality of rail transport services, including for passengers with disabilities;**
- **Improving the investment environment for rolling stock renewal to meet the needs of business.**

Targets for 2016:

Given the scale of the reforms in the railway sector, their measurable results are expected to be reached in the medium term.

According to the State Target Program on Railway Transport Reform for 2010-2019, it is expected that the implementation of the measures to reform the railway transport will ensure the following:

- increase in traffic volumes (approximately by 20-25 %);
- increase in labor productivity (1.6 times);
- relative reduction of transportation costs (by 15 %);
- reduction of the amount of specific energy consumption for haulage of trains (by 15%);
- reduction of the terms of cargo delivery and handling.
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What has been done in the previous period

- During 2014 – 2015, the inventory and assessment of property of the companies that will be included in PJSC "Ukrainian Railways" was taken, the Cabinet of Ministers of Ukraine approved the Charter, the composition of the Management Board, Supervisory Board and Audit Commission of the Company, the state registration of the Company was conducted.
- From 1 December 2015 PJSC "Ukrzaliznytsia", in the composition of which 30 separate units were created, started its economic activities.
- A new draft Law of Ukraine "On Railway Transport" developed with participation of industry experts and European experts was registered in the Verkhovna Rada of Ukraine under No. 3650 on 14.12.2015. Due to the change in composition of the Government the draft law was returned for coordination with the new heads of central executive authorities. On 27.04.2016, the draft law was approved by the Government for submission to the Verkhovna Rada of Ukraine.

Sequence of steps to be done by the year's end:

	Steps	Explanation, justification, grounds for development	Responsible	Time frame	What the implementation of this step will result in
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	Steps	Explanation, justification, grounds for development	Responsible	Time frame	What the implementation of this step will result in
1	Support of the draft law "On Railway Transport of Ukraine" in the Verkhovna Rada of Ukraine	Creation of a legislative framework for the reform of railway transport. The EU-Ukraine Association Agreement. Coalition Agreement: XIII, sub-item 1.4. of Item 1. Action Plan of CMU for 2016: Item 331	Ministry of Infrastructure	Until the adoption of the respective Law	Introduction of new rules of railway enterprise activities taking into account all participants of the railway transport market, introduction of the EU legislation norms, the implementation of which is provided for in the EU-Ukraine Association Agreement
2	Streamlining the organization and financing of socially important passenger transportation	Adoption of the Procedure for state order of social (public) services of all segments of passenger transport by rail. The Procedure will take into account the provisions of (EU) Regulation No. 1370/2007. Its implementation will be carried out in parallel with the implementation of decentralization and the transfer of powers to the regions regarding command of financial resources. Coalition Agreement: XIII,	Ministry of Infrastructure Ministry of Social Policy	Within six months after the adoption of the Law of Ukraine "On Railway Transport of Ukraine"	It will release PJSC "Ukrzaliznytsia" from social functions of the state (the obligation to carry passengers in commuter traffic on tariffs significantly below cost), which will enable to eliminate cross-subsidization of unprofitable passenger transportation at the expense of freight transport and to increase the investment attractiveness of the sector

	Steps	Explanation, justification, grounds for development	Responsible	Time frame	What the implementation of this step will result in
		sub-item 1.3. of Item 1. Action Plan of CMU for 2016: sub-item 1 of Item 291			
3	Creation of efficient railway management model Preparations for the establishment and functioning of the central executive authority implementing the state policy in the sphere of railway transport	Development of Regulations and organizational structure of the central executive authority implementing the state policy in the sphere of railway transport provided for under the reform of public management system for the sector. Coalition Agreement: XIII, sub-item 1.2. of Item 1. Action Plan of CMU for 2016: sub-item 2 of Item 291	Ministry of Infrastructure	Within three months after the adoption of the Law of Ukraine "On Railway Transport of Ukraine"	Establishment of a central executive authority implementing the state policy in the sphere of railway transport will help improve the effectiveness of public management of the sector, ensure the provision to PJSC "Ukrzaliznytsia" of an equitable access to railway infrastructure
4	Continuing the structural reform of PJSC "Ukrzaliznytsia"	The aim of structural reform of PJSC "Ukrzaliznytsia" is the formation of a vertically integrated (by the types business activities) system of the Company management. Coalition Agreement: XIII, Item 1. Action Plan of CMU for 2016:	PJSC "Ukrzaliznytsia"	Within a year	This will help increase the transparency of Company's activities and the effectiveness of each type of business. Structural reform is aimed at separating financial accounts of the infrastructure operator and carriers according to EU Directives

	Steps	Explanation, justification, grounds for development	Responsible	Time frame	What the implementation of this step will result in
		sub-item 3 of Item 291			91/440/EC and 2001/14/EC

Key further steps to be implemented in the medium term

Continued structural reform of PJSC "Ukrzaliznytsia" will focus on the gradual separation of subsidiaries into separate legal entities, in particular by such types of activities as commuter passenger transportation, long-distance passenger transportation, freight transportation and logistics.

Creating a new management model for the railway sector, which will ensure equitable access to rail infrastructure and proper performance of public management functions.

In order to ensure equitable access to rail infrastructure and perform other specific functions of public management of the railway sector it is envisaged to establish a central executive authority in the sphere of railway transport.

III. 8. Ukraine's accession to the European aviation area

Problem statement:

Currently, the scheduled international flights to Ukraine are carried out by foreign and Ukrainian air carriers under the conditions set by International Air Transport Agreements in force, which provide for certain restrictions on the number of companies and passengers carried, etc.

As of 27.04.2016, without regard to Common Aviation Area Agreement, the restrictions on the number of flights when flying from Ukraine to Greece (to date – 14 flights per week on each route), Italy (to date – 55 flights per week for country in aggregate), Poland (to date – 14 flights per week on the route Kyiv – Warsaw, 10 – on other routes), Bulgaria (to date – two flights per week on the route Kyiv – Sofia) are removed. The number of flights when flying to France (Kyiv – Paris – 14 flights per week for each side and on other routes – 7 flights per week) was increased. The geography of flights between Ukraine and Bulgaria, Estonia was expanded.

According to statistics for the I quarter of 2016, 14.7 thousand commercial flights (for the I quarter of 2015 – 14.1 thousand) were conducted. The number of passengers carried increased compared to the same period in the previous year by 11.3 percent and amounted to 1257.7 thousand persons.

Objective:

Signing of the Common Aviation Area Agreement (CAA) with the EU, which will provide free access to the European market, air transport infrastructure, as well as freedom of establishment, equal conditions of competition and common rules, particularly in the field of aviation safety, aviation security, air traffic control, environmental protection and common social standards.

Targets for 2016:

Removing restrictions pari passu on the number of airlines and flights carried out by them between Ukraine and the EU, improving the quality of air services.

The implementation of Common Aviation Area Agreement will result in removal of quantitative restrictions on air transportation between Ukraine and the EU concerning the number of airlines, flights. At the same time, the citizens of Ukraine will be able to travel to EU countries and between them on the basis of a single ticket that will combine a segment of travel by air and by road, provided that relevant commercial arrangements are concluded between the carriers and that such carriers have the appropriate rights to operate the route.

What has been done in the previous period

- Common Aviation Area Agreement was initialed in November 2013. However, due to the lack of consensus between Spain and the United Kingdom regarding the wording of paragraph 31 "Territory" of Article 2 "Definitions" on the territorial application of the Common Aviation Area Agreement with regard to Gibraltar, the CAA Agreement is still not signed.

Sequence of steps to be done by the year's end

	Steps	Explanation, justification	Responsible	Time frame	What the implementation of this step will result in
1	Removal of bureaucratic obstacles to the signing of CAA Agreement. Development and submission to the Cabinet of Ministers of Ukraine of the draft order of the President of Ukraine on authorizing the Minister of Infrastructure V. Omelian to the signing of CAA Agreement.	Due to the change in composition of the Government. Item 292 of the Action Plan of CMU for 2016	Ministry of Infrastructure	II quarter of 2016	Minister of infrastructure V. Omelian will have the authority to sign CAA Agreement.
2	Signing of the Common Aviation Area Agreement between Ukraine and the EU	Common Aviation Area Agreement (CAA) between Ukraine and the EU is based on a free access to the European market, air transport	Ministry of Infrastructure Ministry of Foreign Affairs	Within a year	Free access to the European market, EU air transport infrastructure, freedom of establishment, equal conditions of competition and

	Steps	Explanation, justification	Responsible	Time frame	What the implementation of this step will result in
		<p>infrastructure, freedom of establishment, equal conditions of competition and common rules, particularly in the field of aviation safety, aviation security, air traffic control, environmental protection and common social standards.</p> <p>Coalition Agreement: XIII, Item 6.</p> <p>Item 292 of the Action Plan of CMU for 2016</p>			<p>common rules with the EU, particularly in the field of aviation safety, aviation security, air traffic control, environmental protection and common social standards</p>

Key further steps to be implemented in the medium term

After the signing of Common Aviation Area Agreement:

- cooperation with the EU to ensure the implementation by Ukraine of common basic standards and legislative acts of the European Community, which are listed in Annex I to CAA Agreement;
- bringing the Ukraine's institutional structures of air traffic control into conformity with "Single European Sky" programme.

III. 9. Improving the public administration system in sea and river transport of Ukraine and in the field of merchant shipping

Problem statement:

On 1 January 2016, the IMO Instruments Implementation Code (III Code) came into force. In Ukraine its has developed an extremely difficult situation with the implementation of its international obligations in this area. Currently, key recommendation of the first advisory mission to Ukraine of IMO experts (14-18.12.2015) remains unfulfilled – establishing a single government body (Maritime Administration) under the direction of the Minister of Infrastructure, who is responsible for the effective implementation of international standards, safety and security in maritime transport, protection of the marine environment, formalities

(administrative services) in the shipping industry as well as the registration and certification of ships, certification of seafarers, port state control.

Objective:

Reform of the sea and river transport, merchant shipping management system in accordance with international standards to ensure complete fulfillment of Ukraine's commitments, maintaining legal regime in international shipping (in Ukrainian ships and in sea ports) and to restore effective system of managing the implementation of the state policy in the field of merchant shipping, sea and river transport and navigation safety.

Targets for 2016:

Given the scale of the reforms in the water transport sector their measurable results are expected to be reached in the medium term.

In the medium term:

- introduction of international standards in the field of merchant shipping;
- attracting investments in shipping, shipbuilding and ship repair;
- increasing the attractiveness of sea and river ports for container service;
- creating attractiveness of Ukrainian flag for shipowners;
- increasing the demand for services of Ukrainian seafarers in the global labour market

What has been done in the previous period:

- Ministry of Infrastructure Working Group on reforming the system of sea and river transport proposed to establish the State Department of Sea and River Transport (Ukrmorrichflot) as a necessary step towards bringing management system to modern requirements of the international regime of navigation, safety of navigation as well as search and rescue. The respective decision was also taken by the Cabinet of Ministers of Ukraine (Item 317 of the Action Plan of the Cabinet of Ministers of Ukraine for 2016, approved by the Ordinance of the Cabinet of Ministers of Ukraine No. 184 of 16.03.2016

Sequence of steps to be done by the year's end to meet the objective

	Steps	Explanation, Justification,	Responsible	Time frame	What the implementation of this step will result in
1	Adoption by the Cabinet of Ministers of Ukraine of a decision on the	According to the Law of Ukraine "On Central Executive	Ministry of Infrastructure of Ministry of Finance of Economic	II quarter	Establishment of a public authority that will ensure effective

	Steps	Explanation, Justification,	Responsible	Time frame	What the implementation of this step will result in
	establishment of the Maritime Administration of Ukraine, development of corresponding draft legal acts to address the organizational, personnel, financial issues, etc.	Authorities" the establishment of central executive authority shall be made by the Cabinet of Ministers of Ukraine	Development and Trade of Ukraine		implementation of international standards, performance of the functions of safety and security in the field of navigation, protection of the marine environment, registration and certification of ships, certification of seafarers, port and flag state control
2	Approval by the Cabinet of Ministers of Ukraine of a provision on the Maritime Administration of Ukraine, addressing the organizational, personnel, financial issues, etc.	According to the Law of Ukraine "On Central Executive Authorities"	Ministry of Infrastructure Ministry of Finance Ministry of Justice	III-IV quarters	To implement the procedure for the organization of activities of the State Service of Maritime and River Transport of Ukraine

Key further steps to be implemented in the medium term

- Restoring the effective system of implementation of the state policy in the field of merchant shipping, maritime and river transport and safety of navigation.
- Ensuring the adoption, accession or ratification of international treaties adopted within the IMO, ILO, ITC UNECE, Danube Commission in this field.
- Improving national legislation in line with international maritime law and on the basis of international standards in the field of navigation in accordance with Ukraine's obligations as a flag state, port state and coastal state. Significant improvement of SSMRTU efficiency.

III. 10. Harmonization of Ukrainian environmental laws with the laws of European Union

Problem statement:

The result of ineffective management system in the field of environmental protection is a low priority of environmental policy among other sectoral policies, inefficient state system of environment monitoring, inefficient mechanisms in the field of waste management, inefficient system of natural resources management, low level of monitoring the compliance with environmental laws.

Since the ratification of the EU-Ukraine Association Agreement (since 2014), from among 21 new legal acts, the development and adoption of which are envisaged by the Plan for the implementation of relevant EU Directives, only a small number of the laws of Ukraine aimed at the implementation of the Agreement were adopted, namely:

"On Ratification of the Protocol on Strategic Environmental Assessment to the Convention on Environmental Impact Assessment in a Transboundary Context";

"On Ratification of the Protocol on Pollutant Release and Transfer Registers".

Objective:

The implementation of directives and regulations of the EU, including 'horizontal directives' that will ensure the integration of environmental policy with other sectoral policies, and will become a precondition for creation of clear and transparent management mechanisms in the field of environmental protection.

Targets for 2016:

Introduction of European environmental mechanisms with regard to:

- strategic environmental assessment of the proposed activities;
- assessment of environmental impact of implementing specific projects;
- principle of basin management for water resources of the country;
- implementation of the EU Marine Strategy provisions
- management in the field of waste disposal
- greenhouse gas emissions trading and ozone layer protection;
- conservation of natural habitats (hereinafter - habitats) and species of natural flora and fauna, regarding protection of wild birds;
- improving the efficiency of GMO handling;
- introduction of integrated permit system.

What has been done in the previous period:

Ukrainian legislation has been reviewed for compliance with EU legislative acts

National Strategy on Approximation of Ukrainian Legislation to the EU law.

The Plans for implementation of 21 EU directives and legislative acts in the field of environmental protection and 5 EU Regulations in the field of ecodesign have been approved.

The translations of EU legislative acts have been updated, a glossary (standardized terminology) in "Waste Management", "Conservation" sectors has been developed; Guidance documents in "Conservation" sector have been translated

The following Draft Laws of Ukraine have been developed:

"On Environmental Impact Assessment" (Reg. No. 2009a-д of 03.06.2015);

"On Strategic Environmental Assessment" (Reg. No. 3259 of 08.10.2015);

"On Amendments to the General Principles (Strategy) of the State Environmental Policy of Ukraine for the Period until 2020;

"On Waste";

"On the Protection of the Ozone Layer";

"On Amendments to Certain Legislative Acts of Ukraine regarding the Implementation of Integrated Approaches to Water Resources Management by the Basin Principle" (Reg. No. 3603).

Sequence of steps to be done by the year's end to meet the objective:

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What will the implementation of the project result in
1	Support of the Draft Law "On Environmental Impact Assessment" (Reg. No. 2009а-д) until its adoption	The adoption of the Draft Law is a priority of the environmental sector of the EU-Ukraine Association Agreement, and it will enable to fulfill the obligations under Aarhus Convention, Espoo Convention, the Treaty establishing the Energy Community	Ministry of Ecology and Natural Resources of Ukraine – other central executive authorities	3rd quarter	Ensuring the reasonableness of decision-making regarding the planned hazardous activities and consideration of the public interest in making such decisions. Reducing the level of social tension
2	Support of the Draft Law "On Strategic Environmental Assessment" (Reg. No. 3259) until its adoption	In Ukraine there are no mechanisms for taking into account environmental considerations in the development and adoption of draft documents of state planning.	Ministry of Ecology and Natural Resources of Ukraine – other central executive authorities	3rd quarter	Evaluate the impact of draft documents of state planning at the stage of making a decision on their development taking into account public opinion.
3	Working out a Draft Law on Amendments to the Law of Ukraine "On General Principles	The situation in the temporarily occupied territories of Crimea and Sevastopol, parts of Luhansk	Ministry of Ecology and Natural Resources of Ukraine – other central executive authorities	3rd quarter	Determination of the main strategic objectives of national environmental policy, which are based primarily on the identified root causes

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What will the implementation of the project result in
	(Strategy) of the State Environmental Policy of Ukraine for the Period until 2020"	and Donetsk Oblasts affects the state of environmental security of the country. In addition, it is necessary to take into account the economic crisis, depletion of financial resources of the state, decline in living standards.			of the environmental problems of Ukraine and financial capacity of the country to address them
4	Support of the Draft Law "On Amendments to Certain Legislative Acts of Ukraine regarding the Implementation of Integrated Approaches to Water Resources Management by the Basin Principle" (No. 3603) until its adoption;	Transition from the administrative-territorial to basin water management is a requirement of our time, consistent with international best practices and it is this integrated approach that facilitates maximum achievement of the objectives and tasks of protection and restoration of aquatic ecosystems, ensuring the rational use of water resources.	Ministry of Ecology and Natural Resources of Ukraine – other central executive authorities	3rd quarter	Introduction of river basin and flooding risk management plans

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What will the implementation of the project result in
6	Submissions to the Government of the Draft Law of Ukraine "On Waste"	The Ukrainian legislation in the field of waste management needs substantial revision in terms of harmonization with EU legislation	Ministry of Ecology and Natural Resources of Ukraine – other central executive authorities	4th quarter	ensuring the effective functioning of waste management system, attracting financial resources for the creation of modern infrastructure for waste handling, improving the state of the environment and living conditions of the population.
7	Approval of License conditions as to conducting economic activities with hazardous waste	The need to determine the terms and conditions of conducting economic activities on hazardous waste management in order to reduce the number of cases of unauthorized placement of hazardous waste in places where it can cause a substantial damage to the environment and human health	Ministry of Ecology and Natural Resources of Ukraine – other central executive authorities	3rd quarter	Creating a transparent and open conditions for the functioning of economic entities in the field of waste management for the proper performance of hazardous waste disposal and neutralization operations, creating conditions for attracting investments in this sector
7	Development and adoption of Government decision on the approval of the list of waste	Ukrainian landfill classification system is imperfect and the procedure for formation of tariffs for landfill services have a negative impact on the	Ministry of Ecology and Natural Resources of Ukraine – other central executive authorities	4th quarter	introduction of European mechanisms of formation of tariffs for landfill services, creating a precondition for the prevention or reduction of negative impact on the environment and risk

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What will the implementation of the project result in
		environmental security of the country.			to human health from the disposal of waste by setting stringent functional and technical requirements regarding waste and landfills
8	Development of the National Action Plan for Waste Management	The lack of a clear list of measures aimed at prevention of the negative impact of waste on the environment and human health	Ministry of Ecology and Natural Resources of Ukraine – other central executive authorities	4th quarter	Reducing the volumes of waste production, ensuring environmentally-safe waste handling by the creation of appropriate infrastructure based on new technologies, introducing effective financial and economic mechanisms in this area

Key further steps to be implemented in the medium term

Development of subordinate regulatory acts, implementation of pilot projects in the event of the introduction of European mechanisms of environmental management. Strengthening the institutional and administrative capacity of the Ministry of Ecology and Natural Resources of Ukraine.

III. 11. Fighting corruption and ensuring transparency of the Ministry's activities

Problem statement:

Currently, the system of state control over the observance of environmental legislation is imperfect: high level of corruption, outdated material and technical base, non-transparent system of making decisions on violators of environmental laws, no adequate system of the entities' liability for violation of environmental laws, no unified electronic registers and inadequate level of information exchange.

There is a dispersion and duplication of supervisory (monitoring) functions of the state between the executive authorities, no common approach to the implementation of supervisory and monitoring functions.

Currently, state supervision (monitoring) in the field of environmental protection carry 5 executive authorities (State Environmental Inspectorate, State Service for Geology and Mineral Resources of Ukraine, State Forest Resources Agency of Ukraine, State Agriculture Inspectorate of Ukraine, State Agency for Fisheries of Ukraine).

To date, public administration in the field of environmental protection does not ensure full access of the citizens of Ukraine to information on the state of the environment, existing environmental risks for safe living. There is no clear mechanism for the formation and implementation of public policy, no access to large amounts of environmental data that should be open.

Since in the second half of 2014 and the first half of 2015 a moratorium on conducting inspections was in effect, the performance of state supervision (monitoring) decreased, namely: in 2014, 48 thousand inspections were conducted, fines totaling more than UAH 8.4 million were imposed, damages in the amount of about UAH 0.8 billion were assessed; in 2015, 18 thousand inspections were conducted, fines totaling about UAH 3.6 million were imposed, damages in the amount of about UAH 0.4 billion were assessed.

During the last three years, more than UAH 150 million of damage caused by illegal felling of trees by unidentified persons was established and calculated. However, the damage was not paid to the budget, perpetrators were not established and punished. Measures to restore the damage caused to nature are not implemented.

Objective:

Building an effective system of supervision of compliance with environmental laws taking into account the best practices of organizing the functioning of similar institutions in the EU, the concentration of supervisory and monitoring functions in the field of environmental protection in a single authority.

Introduction of the elements of e-government in the field of environmental protection and rational use of natural resources to ensure the transparency and efficiency of the Ministry of Ecology and Natural Resources of Ukraine and central executive authorities that are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Ecology and Natural Resources, introduction of the unified management standards, shortening the time for receiving information on all activities of the Ministry

and the central executive authorities, reducing the permitting and reporting burden on economic entities.

Targets for 2016:

- To transfer the supervisory (monitoring) functions in the field of environmental protection from 5 central executive authorities, namely the State Service for Geology and Mineral Resources, State Forest Resources Agency, State Agriculture Inspectorate, State Agency for Fisheries, to the State Service for Environmental Protection of Ukraine;
- To legislate the transferred functions;
- To create conditions for provision of 5 to 10 administrative services in the field of environmental protection in electronic form;
- To publish 12 state registers in an open data format.

What has been done in the previous period:

The Resolution of the Cabinet of Ministers of Ukraine "On Optimization of the Central Executive Authorities System" provides for liquidation of the State Agriculture Inspectorate and assignment of the state supervisory (monitoring) functions concerning compliance with land legislation, the use and protection of land of all categories and types of ownership, soil fertility to the State Environmental Inspectorate.

The following draft documents have been developed:

Laws of Ukraine:

- "On Amendments to Certain Legislative Acts of Ukraine on State Supervision (Monitoring) in the Field of Environmental Protection concerning Compliance with Land Legislation, the Use and Protection of Land of All Categories and Types of Ownership, Soil Fertility" (Reg. No. 4356 of 31.03.2016)
- "On Amendments to Certain Legislative Acts of Ukraine on Optimization of the Central Executive Authorities System"

acts of the Cabinet of Ministers of Ukraine:

- "On Approval of the Provision on the State Environmental Inspectorate";
- "On Approval of the Concept of Reforming the System of Supervision of Compliance with Environmental Laws of Ukraine";
- "On Amendments to Annex 1 to the Resolution of the Cabinet of Ministers of Ukraine No. 85 of 5 April 2014".
- "Some Issues of the State Environmental Inspectorate".

Regarding e-government:

- an electronic document management system has been introduced in the office of the Ministry of Ecology and Natural Resources of Ukraine;
- a pilot project on provision of electronic administrative service for filing waste declaration has been introduced and implemented in the area of Dnipropetrovsk Oblast.

Sequence of steps to be done by the year's end to meet the objective:

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1	Establishment of a single integrated	Ensuring the performance by the newly	Ministry of Ecology and Natural Resources of	3rd quarter	Breaking of corruption combination

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	body of environmental supervision (monitoring) – State Service for Environmental Protection of Ukraine and submission to the Cabinet of Ministers of the draft act "On Approval of the Concept of Reforming the System of State Environmental Supervision"	established body of tasks on implementation of the state policy of state supervision of compliance with environmental laws, eliminating the duplication of functions of state supervision in this area	Ukraine		"regulator – supervisor" in a single public authority.
2	Development of the Draft Law "On State Supervision (Monitoring) in the Field of Environmental Protection"	A clear legal definition of the powers of the newly established supervisory authority and the mechanism for implementing those powers are required	Ministry of Ecology and Natural Resources of Ukraine – other central executive authorities	3rd quarter	Transition from the system of total state supervision of business entities to the system of state supervision and monitoring of their compliance with environmental laws, open single electronic register of inspection certificates
3	Approval of the Provision on the State Service for Environmental Protection of Ukraine"	Defining the functions and tasks of the newly established Service as to the implementation of the state policy of state supervision in the field of environmental protection	Ministry of Ecology and Natural Resources of Ukraine – other central executive authorities	4th quarter	Establishment of a single integrated body of environmental supervision, recruitment of all employees on a competitive basis
4	Implementation of the provision of	Ensuring the promptness, transparency	Ministry of Ecology and Natural Resources of	2nd - 3rd quarter	This will contribute to elimination of the risks of committing

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	electronic administrative services	and simplification of the procedures for obtaining permits in the field of environmental protection for the citizens and business entities	Ukraine		acts of corruption by public officials that are involved in the provision of administrative services
5	The introduction of electronic document management system in the office of the Ministry of Ecology and Natural Resources of Ukraine	Accelerating document processing, improving performance discipline, efficiency in information preparation	Ministry of Ecology and Natural Resources of Ukraine	3rd quarter	This will ensure speed, promptness and improved quality of administrative documents

Key further steps to be implemented in the medium term:

Implementation of organizational, informational, methodological measures in order to reform the system of state supervision and create a single integrated supervisory authority.

Implementation of organizational and methodological measures to create Nationwide Environmental Data Automated System.

III. 12. Increasing environmental safety in the exclusion zone

Problem statement:

The construction of the New Safe Confinement (NSC) "Shelter" using the funds of international technical assistance to limit the exposure of the public, staff and the environment to radiation is nearing completion.

The issues of reintegrating the affected areas of exclusion zone, including through the establishment of facilities for electricity generation from alternative sources, appeared on the agenda.

A topical issue is the recovery of cumulative status of the State Fund for Radioactive Waste Management and ensuring the use of its funds exclusively according to the intended purpose for the development of appropriate infrastructure and maintaining the safety of existing radioactive waste management facilities up to date.

The New Safe Confinement includes:

- main structure featuring an arch-shaped structure, the span of which in the north-south direction is 257.44 m, height – 108.39 m, length – 150 m, foundations, western and eastern side walls, the required support and auxiliary systems;

- process building, which includes decontamination, fragmentation and packaging areas, clean rooms, workshops and other process rooms;

- auxiliary buildings.

NSC design life is 100 years

The Exclusion Zone covers an area of approximately 260 thousand ha.

The total length of power lines OHL-35 and above is 472.97 km;

The total length of utilities (heating, water supply, sewers) is 133.2 km.

Electrical grid in the Exclusion Zone are not loaded to full capacity (or are disabled or operate with very low power). An outdoor switchgear remaining from the time when Chornobyl Nuclear Power Plant produced electrical power and passed it to the power grid of Ukraine is on the balance sheet SSE Chornobyl NPP.

Objective:

To limit the spread of ionizing radiation and radioactive substances, which remain inside the Object "Shelter".

Obtaining by the State Agency of Ukraine on the Exclusion Zone Management of a right to dispose of land in the Exclusion Zone and establishment of the operator of electrical networks in the Exclusion Zone.

Restoration of the cumulative status of the State Fund for Radioactive Waste Management and ensuring the use of its funds exclusively for the intended purpose.

Targets for 2016:

Completion of the NSC construction, performance of the required start-up operations and testing, commissioning of the facility in general.

By year-end, to perform sliding of Arch, complete the installation and testing of the main cranes.

Making decisions on matters regarding the lease of land in the Exclusion Zone to attract investment and develop alternative (solar) energy.

Restoration of the intended purpose of the State Fund for Radioactive Waste Management.

What has been done in the previous period:

Assembly of metal structures of the east part of Arch: as of March 2016, 14,162 tons are mounted.

Assembly of metal structures of the west part of Arch: as of March 2016, 15,353 tons are mounted.

Participation in drafting the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Concerning the Settlement of Certain Issues of the Legal Regime of the Area contaminated as a Result of the Chornobyl Disaster", which has been submitted by the President of Ukraine to the Verkhovna Rada of Ukraine (Reg. No. 4437 of 14.04.2016).

The Draft Law of Ukraine "On the System of Financing of Radioactive Waste Management at the Stage of their Long-Term Storage and Disposal" has been elaborated.

Sequence of steps to be done by the year's end:

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1.	Sliding of the NSC Arch of the Object "Shelter"	The Arch is assembled off site of the Object "Shelter" (OS) on a specially constructed assembly area. After assembling the Arch will be slid over OS followed by sealing with OS	SSE ChNPP, State Agency of Ukraine on Exclusion Zone Management, Ministry of Ecology and Natural Resources, other central executive authorities	4th quarter	Limiting the spread of ionizing radiation and radioactive substances, which remain inside the Object "Shelter".
2.	Support of the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Concerning the Settlement of Certain Issues of the Legal Regime of the Area contaminated as a Result of the Chernobyl Disaster", which has been submitted by the President of Ukraine to the Verkhovna Rada of Ukraine (Reg. No. 4437 of 14.04.2016).	Making decisions on matters regarding the disposal of land in the Exclusion Zone for the development of alternative energy	Ministry of Ecology and Natural Resources of Ukraine	2nd quarter	Creation in the Exclusion Zone of conditions to attract investment and develop alternative (solar) energy
3.	Restoration of the intended purpose of the State Fund for Radioactive	Restoration of the cumulative status of the State Fund for Radioactive	Ministry of Ecology and Natural Resources of Ukraine, State Agency of	4th quarter	Creation of infrastructure for the long-term storage and disposal of radioactive waste.

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	Waste Management and establishment of Radioactive Waste Management Concern	Waste Management and ensuring the use of its funds exclusively for the intended purpose	Ukraine on Exclusion Zone Management, other central executive authorities		

Key further steps to be implemented in the medium term:

Commissioning of the NSC's major systems.

Performance of NSC acceptance testing in general.

Submission to the Verkhovna Rada of Ukraine of Draft Law of Ukraine "On the System of Financing of Radioactive Waste Management at the Stage of their Long-Term Storage and Disposal".

Attracting investment for construction of solar power plant.

IV. SOCIAL AND HUMANITARIAN POLICY

IV. 1. The introduction of effective targeted provision of social assistance

Problem statement:

State social protection system needs to be reformed, as today it is inconsistent with the principles of social justice. Of more than 16 million persons enjoying social support, only 25 % belong to poor category. Raising of the targeted assistance will significantly increase the amounts of state aid to poor segments of the population. The introduction of measures for the integration of citizens in the labor market will help increase the social responsibility of citizens and reduce the burden on the state budget.

Objective:

Ensuring real targeted social support for vulnerable segments of the population, improving the quality of services provided to the citizens in the sphere of social protection, transferring the emphasis from providing material support to involvement of the unemployed into the labor market, bringing the spending on social protection of the population into conformity with the financial capacity of the state.

Targets for 2016:

- Legislative unification of the algorithms for assigning targeted state aids.
- The introduction of new programs for the automation of processes of assigning aids, privileges and subsidies.
- Establishment of 5 pilot centers for provision of social services in the format of "Transparent Office"

What has been done in the previous period

In 2014-2016, the measures to improve the targeting of certain types of social support have been implemented, in particular the following:

- housing subsidy system has become available and targeted. Because of the last adjustments the Program is focused on introducing the economic and efficient consumption of energy resources by the population;
- from 01.07.2015, a provision of certain privileges to certain categories of citizens has been introduced, taking into account family income when providing the privileges, thereby reducing the burden on the state budget;

Sequence of steps to be done by the year's end

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1.	Improvement of housing subsidy program towards	Improving the effectiveness of the subsidy program under	Ministry of Social Policy Ministry of Finance Ministry of Economic	II-III quarter of 2016	Ensuring targeted and effective support of the population by the Program

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	strengthening the targeting and encouraging recipients to economical use of energy resources	conditions of raising prices and tariffs for housing services	Development and Trade		
2.	Monetization of certain types of privileges, travel privileges	Transition to the provision of privileges in cash	Ministry of Social Policy Ministry of Finance Ministry of Economic Development and Trade	IV quarter of 2016	Creating an effective system of assigning and provision of benefits
3.	Implementation of pilot projects on opening of transparent offices in 5 oblast centers	Services in the field of social protection should be provided to citizens at a qualitatively new level, with no queues, in terms prescribed by law	Ministry of Social Policy Local authorities (by agreement)	IV quarter of 2016	Opening of transparent offices in 5 oblast centers. Providing services in the field of social protection in terms prescribed by law
4.	Improving information systems in the field of social protection of the population, housing subsidies, development of centralized software of the Unified State Automated Register of Individuals Eligible for Privileges	The improvement of procedures for the assignment of social assistance services requires the development of information systems	Ministry of Social Policy Electronic Government Agency	IV quarter of 2016	The introduction of centralized register of recipients of subsidies and individuals eligible for privileges, improving the efficiency of analysis, monitoring, verification
6.	Introduction of electronic document management system in the Central Office of	Introduction of e-government measures in the Ministry of Social Policy	Ministry of Social Policy Electronic Government Agency	IV quarter of 2016	Improving the efficiency and performance discipline, integration with the system of electronic interaction

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	the Ministry of Social Policy				between central executive authorities

Key further steps to be implemented in the medium term:

To continue the reform aimed at building a new model of social support of the population based on the principles of targeted assistance to the most vulnerable segments of the population through:

- the combination of providing financial assistance to needy families with the measures aimed at social integration and increasing the competitiveness in labor market to withdraw the family from the state of need;

- the introduction of a single information environment of social sphere, creation on its basis of a new system to monitor the use of budget funds when providing social support at the expense of state budget funds;

- unification/harmonization of all types of social assistance on the basis of a common approach to evaluating the financial condition of the household.

IV. 2. Strengthening social protection of working people

Problem statement:

The level of wages in Ukraine is the lowest among European countries. As a result, 19.4% of working Ukrainians fall into the category of the poor; among families with children in which both parents work this figure is 18.9 %.

A low minimum wage is not conducive to the removal of labor income from the shadow. With low employment level of 56.7 %, the coverage of employed population with state social insurance is extremely low – about 70 %.

Outdated labor laws of Ukraine require updating in accordance with international standards, which will make them attractive for investors, encourage job creation and legalization of relations in the field of employment and remuneration. And as a result – the strengthening of social protection of the working population.

The minimum wage is just 28 % of the average wage (ILO recommendations – at least 50 %, in the EU countries – 60%). In March this year, the average wage amounted to UAH 4,920, which exceeds the figure of November 2015 only by 9.4 %.

Objective:

Strengthening social protection of working people and creating transparent relationships between employer and employee.

Formation of the up-to-date labor laws, increasing labor cost, labor mobility and strengthening the social protection of working people.

Targets for 2016:

Reducing the deficit of state social funds and improving social protection of certain categories of workers

- Single Contribution payers base expansion.
- In the medium term, social insurance covers all employed people.

What has been done in the previous period

- From 01.01.16, single social contribution for employers was reduced to 22% for the purpose of legalization of relations in the field of employment and remuneration.
- A State Service of Ukraine on Labour has been established with functions of monitoring all aspects of the safety of the working environment and observance of the rights of employees.
- The financial responsibility of enterprises has been established and the administrative responsibility of officials for violation of labor laws has been strengthened.
- Labor laws have been improved to reduce illegal employment and strengthen the requirements for registration of labor relations.
- During 2015, the Government adopted a number of decisions aimed at improving and streamlining the remuneration of public employees

Sequence of steps to be done by the year's end to meet the objective

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1.	The introduction of a new methodology for determining minimum wage	Determining the level of the minimum wage taking into account all the components of wage, not just part its tariff part (excluding compensation payments for the deviation from normal conditions)	Ministry of Social Policy Ministry of Finance Ministry of Economic Development and Trade Joint representative body of national representative trade unions at the national level Joint representative body of employers at the national level	IV quarter 2016	Setting minimum wages at a level higher than the subsistence minimum for able-bodied persons. Legalization of wages of not less than 3.5 million private sector employees
2.	The transfer of powers to perform monitoring in the field of employment and wages to local executive authorities	The state of labor market requires the introduction of new monitoring mechanisms associated with strengthening of motivation of supervisory	Joint representative body of employers at the national level	III quarter 2016	Increasing the number of persons covered by social insurance

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	Providing local authorities with powers to perform monitoring in the field of employment and wages	authorities in the implementation of the legalization of relations in the field of employment and wages			
3.	Support in adoption of the Labour Code	The Labour Code of Ukraine needs to be updated and changed according to European standards		by the end of 2016	The adoption of the Labour Code will ensure the approximation of Ukraine's labour laws to European standards
4.	Reform of social insurance funds management system	Establishment of Social Insurance Fund		by the end of 2016	Reducing administrative costs and improving the efficiency of using social insurance funds
	Signing of the General Tariff Agreement between the Government, trade unions and employers' associations				
5.	Reorientation of State Employment Service operation to assistance in employment of citizens	A change of emphasis in the work of State Employment Service from payment of unemployment benefits to return of the unemployed to the labour market as soon as possible is required.	Ministry of Social Policy	by the end of 2016	Providing unemployed with high-quality and efficient services in assisting in job search

Key further steps to be implemented in the medium term

Ensuring a phased increase in the minimum wage to provide appreciable differentiation with the amounts of state social assistance and unemployment benefits, which will help to increase

the incentive to work, improve the living standards of the employed and reduce the level of poverty among working people.

Establishment of effective modern institutions in the field of social protection and assistance in employment.

IV.3. Reform of the pension system

Problem statement:

The incompleteness of reforming the pension system causes imbalance of pay-as-you-go pension system. This has led to an increase in government expenditure on pension programs.

The value of population pressure in Ukraine is more than twice as much as in the EU. And a substantial proportion of the employed population of Ukraine is not involved in the system of state social insurance. The conditions for provision of pensions, which are scattered in more than 20 laws, need to be streamlined, the differentiation of the scale of pension depending on earnings and strengthening insurance principles in the PAYG system need to be restored that will make it attractive for participating by the working population.

Subject to reduction by almost half (to 22 %) of a single social contribution rate, the deficit of the Pension Fund budget in 2016 is UAH 81.3 billion, UAH 77.2 billion of which due to the reduction of the single social contribution rate. Minimum pension is UAH 1130 (from May this year) which is just 51% of actual subsistence minimum for persons unable to work.

Objective:

Achieving financial stability of the Pension Fund of Ukraine, ensuring reliable protection of the working population and timely payment of pensions in the amounts adequate to the necessities of pensioners' life.

Targets for 2016:

Gradual withdrawal of wages from the shadow.

Gradual increase in volume of receipts to the PAYG system due to expansion of coverage by pension insurance of the employed population, legalization of shadow employment and wages (in the medium term – to achieve a balanced budget of the Pension Fund).

What has been done in the previous period:

The burden on the Pension Fund has been reduced:

- the norms for the assignment of special pensions, except pensions to scientists and military personnel, have been abolished
- the parameters of provision of pensions to persons eligible to pensions on favorable terms and for length of service have been changed
- the taxation of high pensions has been introduced and the payment of pensions to working pensioners has been limited

It has become possible to optimize the share of expenditure on provision of pensions in the GDP breakdown, which in 2016 is expected to be 11.3 % of GDP (in 2013 – 17.2 %) that corresponds to the average level of European countries.

For the expected increase in revenues to the Pension Fund as a result of economic recovery and legalization of employment relations the rate of single social contribution for employers has been reduced to 22 %.

Sequence of steps to be done by the year's end

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1.	Improving Social Protection of self-employed persons	Coverage by social insurance of all employed population is aimed at implementing the principle of solidarity and ensuring social protection of employees after retirement	Ministry of Social Policy Ministry of Finance Ministry of Economic Development and Trade	by the end of 2016	Substantial expansion of pension insurance coverage of employed population
2.	Submission of legislative proposals on pension system reform	Pension system needs further reforming taking into account economic and demographic conditions.	Ministry of Social Policy Ministry of Finance Ministry of Economic Development and Trade Ministry of Justice SFS Pension Fund of Ukraine	IV quarter of 2016	The introduction of unified principles for calculating pensions. Creating the conditions for implementing the II level of pension insurance.
3.	Relief of PAYG system from expenditures non-relevant to it	PAYG pension system currently provides individual payments that are not related to insurance principles	Ministry of Social Policy Ministry of Finance Pension Fund of Ukraine	III quarter of 2016	Ensuring the gradual balancing of Pension Fund budget
4.	Increasing the amount of minimum pension for the purpose of its indexation due to inflation	Due to inflation processes, the minimum pension requires periodic revision	Ministry of Social Policy Ministry of Finance Pension Fund of Ukraine	in the course of 2016	The amount of minimum pension was increased by not less than the rate of inflation
5.	Restoring the differentiation of the amounts of pensions depending on earnings	Due to failure for a long time to update the pensions, their amounts are differentiated within narrow range (UAH 1130-1500) for about 8 million pensioners.	Ministry of Social Policy Ministry of Finance Pension Fund of Ukraine	in the course of 2016	Gradual solution to the problem of imbalances in pension amounts between individuals who retired in different years, which will strengthen the interest of employed persons to participate

					in pension insurance and legalization of relations in the field of remuneration
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Key further steps to be implemented in the medium term

The introduction of a defined-contribution pension plan. The development of non-state provision of pensions.

IV.4. Decentralization of the system of social services and their development at the level of local communities

Problem statement:

Certain forms of provision of social services inherited from the former USSR do not meet the needs of their recipients despite high budgetary costs (primarily fixed forms of care for persons with disabilities, the elderly and education of children in boarding institutions). Implementation of international commitments and national strategies in the field of observance of human rights requires the development of social services system, particularly for people with disabilities, children, the elderly, victims of human trafficking and domestic violence. In connection with the merger of local communities the powers in the field of social services should be transferred from the district level of local self-government to a basic level – local communities that will encourage the creation of a European model of providing social services – in a community, at the place of residence of a person, without removing him/her from habitual living environment.

As of today, a network of local social service centers and centers of social services for family, children and youth, providing social services to about 3 million people, operates at the district level. A network of boarding institutions of social protection system (289 residential care facilities for the elderly and people with disabilities) and of education system (558 institutions, in which 102.4 thousand children are educated, about 25 thousand of which are children from poor families who have parents) operates at the regional level.

Objective:

Optimal distribution of powers of local authorities in the field of provision of social services and introduction of new approaches to the organization of their provision (including through the involvement of non-governmental organizations), which will make it possible to ensure the provision of social services to people who find themselves in difficult circumstances at the level of the local community.

Targets for 2016:

- The availability in each united local community of an entity that provides social services.
- Reducing the number of children brought up in stationary conditions by at least 40% by 2020.

What has been done in the previous period

In 2014-2016, the measures to reform the system of social services have been implemented, including the following:

- the organizational model of providing social services at the level of local community has been legally defined (annual identifying the needs of the community population for the services; establishing the list of priority services and planning their provision taking into account the necessary expenditures, mechanisms for provision of social services, including making social order for social services in non-government organizations);

- 15 state standards of social services have been approved.

Sequence of steps to be done by the year's end to meet the objective

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1.	Supporting the adoption of the new version of the Law of Ukraine "On Social Services", regulatory acts aimed at its implementation	The laws in this area require harmonization with objectives of local government reform and the requirements of the European Union.	Ministry of Social Policy Ministry of Finance Ministry of Economic Development and Trade	IV quarter of 2016	Improving the existing laws to facilitate the development of social services in local communities
2.	Separation of powers of the executive authorities and local authorities in the field of social policy	The norms of social legislation and norms of the Law of Ukraine "On Local Self-Government in Ukraine" require bringing into conformity	Ministry of Social Policy Ministry of Finance Ministry of Economic Development and Trade	IV quarter of 2016	Improving the effectiveness of implementing the functions of the state social policy
3.	Further standardization of social services	Formation of social service standards will ensure the transition to the new mechanism of financing the services	Ministry of Social Policy Ministry of Finance Ministry of Health	in the course of 2016	Improving the quality and targeting of provision of social services
4.	Reforming of boarding schools and creating conditions for the development and education of children in families or in conditions close to family conditions as much as possible	Reforming of residential institutions for children requires the use of program approach for the medium term	Ministry of Social Policy Ministry of Education and Science Ministry of Health	December 2016	The adoption of relevant national program, implementation of pilot projects in five oblasts of the country

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
5.	Improvement of legislation in the field of combating human trafficking	The Law of Ukraine "On Combating Human Trafficking" has to be brought in line with the recommendations of international experts	Ministry of Social Policy NPU SSU GPO Ministry of Education and Science Ministry of Health SMS Administration of the State Border Guard Service NPU	III-IV quarter 2016	Adoption of the draft Act will enable to improve the system of assistance to victims of human trafficking
6.	Optimization of the network of public institutions and organizations that provide social services in proportion with unification of local communities	Reorganization of the network of existing institutions in the field of social protection should be accompanied by the development of social services in local communities	Ministry of Social Policy Oblast, Kyiv City State Administrations Local authorities (by agreement)	May 2016	Increasing the volume of social services provided at the level of local community, including those of preventive nature

Key further steps to be implemented in the medium term

Introduction of state standards of social services, transition to financing of provision of social services rather than maintenance of institutions and facilities.

Development of private sector of social services providers.

Creation of control and monitoring system for the provision of social services.

Establishment of a clear mechanism for compliance by local authorities with statutory requirements for the provision of social services (provision of minimum basic set of social services, state standards of social services) while expanding the powers of local authorities in the organization of social services.

IV.5 The decisive step towards the modern system of health care financing

Problem statement:

In Ukraine, the laws provide for a such volume of state guarantees in medicine that it cannot be covered by public finance only. Because of this, the citizens have to spend much to pay for medical services and medicines. Informal payments remain widespread ("remuneration" to doctors, "charitable contributions", etc.) and purchase of medicines at own expense. And the payment for work of doctors is still at a critically low level. The outdated model of health care financing provides for allocation of budget funds for the maintenance of medical infrastructure, not to reimbursement of financial risks of citizens in case of illness.

Total expenditures on health care in Ukraine are significant. They make up 7.6% of GDP (Hungary – 7.4 %, Poland – 6.4 %, Romania – 5.6 %, Turkey – 5.4 %). Public expenditures cover only 56.2% of these costs. The rest pay patients – 43.6 % (Hungary – 26.6 %, Poland – 23.5 %, Romania – 18.9 %, Turkey – 17.8). Every year in Ukraine about 600 thousand households experience catastrophic financial costs for health care (in Europe – about 0.5%). In 2015, 29 % of households were unable to get medical help or medicines – mainly because of the financial inaccessibility of medical services.

Objective:

To make a gradual step towards the introduction in 2019 of a new model of health care financing based on principles of health insurance.

Targets for 2016:

To create a regulatory base which, among other things, will introduce a state-guaranteed universal package of medical services, "money follows the patient" mechanism, the autonomy of health care facilities.

What has been done in the previous period:

- The draft Concept of Health Care Financing Reform has been elaborated. The Concept includes the main stages and step-by-step plan of reform implementation.
- The draft law has been adopted in the first reading, which provides for providing health care institutions with administrative and financial autonomy.
- The work has begun on the development of mechanisms for payment to medical institutions for actually provided services.

Key further steps to be implemented in the medium term:

- To submit to Verkhovna Rada of Ukraine a draft law which provides for institutional and legal framework for the introduction of a new model of health care financing.

IV.6 Reorganization of primary and secondary health care system

Problem statement:

Thanks to decentralization the citizens should feel the improvement of the quality of medical services at primary and secondary levels. This is where occur most contacts of the patient with health care system. United local communities that already have substantial financial resources have to form a network of primary care that will provide quality services on their own. This network may include centers of primary health care, outpatient clinics, private medical practices, etc. On the other hand, it is necessary to create hospital districts – combined networks of medical institutions that provide secondary health care. This will make it possible to create from such institutions a single medical space funded from a single channel and having single source of control.

According to WHO (2013), there are 4.7 hospitals for 100 thousand of population in Ukraine In Poland and Spain, the figure is 2.78 and 1.64 respectively. Furthermore, the Ukrainians often receive low-quality and untimely care.

Objective:

To create organizational and financial conditions for the introduction of a new model of providing primary health care at the level of united local communities and secondary health care through hospital districts.

Targets for 2016:

What has been done in the previous period:

- Ministry of Health and Ministry of Regional Development have agreed on a joint action plan to achieve the described objectives;
- A decree of the Ministry of Health has been prepared that allows united local communities to create primary health centers and finance them;
- A draft order of the Cabinet of Ministers of Ukraine regarding the procedure for the establishment of hospital districts has been prepared.

STEPS:

Key further steps to be implemented in the medium term:

- To submit to the Verkhovna Rada of Ukraine the amendments to the legislation that will allow outpatient clinics and private medical practices to be health care providers.
- To approve the guaranteed volume of primary health care.
- To simplify the licensing terms for private medical practices working in the united local communities.
- To approve the procedure for the establishment of hospital districts.

IV.7: Combating cardiovascular disease

Problem statement:

Cardiovascular diseases (CVD) are the most common non-communicable diseases and a major cause of death in Ukraine. CVD account for 67.3% in total mortality rate of the population. Annually, cardiovascular disease kills more than 426,000 Ukrainians (on average almost 1,000 people die daily). Every day 22 people die of acute myocardial infarction in Ukraine. The figure of hospital mortality rate due to acute myocardial infarction in recent years remains high (in 2015 is was 14.11). This indicates an insufficient implementation of modern treatment technologies.

In 2015, 40,749 cases of acute myocardial infarction were recorded in Ukraine. At least 23,954 persons require reperfusion therapy (61.6 % of all cases of acute myocardial infarction). In 2015, only 5,383 percutaneous reperfusions (i.e. 32%) were performed, general lack of interventions is 68 %.

Objective:

Creation of regional reperfusion networks in the country.

Targets for 2016:

- Providing up to 50 % of people having indication with appropriate drugs and advice.
- Increasing the number of percutaneous interventions in the system of treatment of acute myocardial infarction up to 180 per 1 million of population

What has been done in the previous period

- 2012 - in three regions (about 10 % of the population of Ukraine) percutaneous reperfusion therapy was used in the treatment of patients with acute myocardial infarction (AMI).
- 2013 - 7 regions of Ukraine (30% of the population) used percutaneous procedures of reperfusions; more than 10 clinics organized relevant work in "24/7/365" mode.
- 2015 Percutaneous reperfusion therapy has been implemented in 14 regions of Ukraine; primary stenting is systematically carried out in "24/7/365" mode.

Sequence of steps to be done by the year's end to meet the objective

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1.	Development of regional reperfusion networks	Low level of detecting, diagnostics and hospitalization of patients with acute myocardial infarction	Ministry of Health, Ministry of Finance Local governments involving targeted expenditures at the level of local budgets	In the course of 2016	To reduce hospital mortality rate of patients having AMI with elevation of ST segment (5-7 %). In medical treatment facilities

Key further steps to be implemented in the medium term

- Development of reperfusion networks in areas where they are absent today or expansion of existing ones (UAH 375 million).
- Financing of functioning and medical support of public reperfusion network (UAH 275 million).

IV.8: Increasing the availability of medicines

Problem statement:

Ukraine remains the only country in Europe where citizens bear the entire burden of the need to pay the cost of medicines in case of illness. The volume of the market of pharmaceuticals sold through retail pharmacy network in 2015 amounted to about UAH 45 billion, 100% of these costs were paid directly by the people out of their own pocket.

Despite the fact that most generic pharmaceuticals are cheaper in Ukraine than in neighboring countries, their value is significant for the citizens as they are forced to bear the full cost of treatment from their own budget.

This leads to the fact that Ukrainians:

- consume less pharmaceuticals than they need;
- use mostly cheap pharmaceuticals (about 85-90% of total sales fall within low and middle price segments);
- consume a large amount of pharmaceuticals that are not vital and not used in guidelines and manuals of European countries (among the top 30 best sellers in the retail sector, 50 % are secondary preparations).

Objective:

To ensure greater affordability of medicines for citizens through the implementation of three components of the reform:

- **Gradual introduction of reimbursement system for essential medicines.**

The main mechanism that enables to reduce financial vulnerability of patients before the need to pay the cost of medicines is reimbursement – a partial or full refund of the medicines through the system of national health insurance. It will be implemented in parallel with the reform of health care financing (in particular, the state-guaranteed package of health care).

The reimbursement system should be implemented:

- for the treatment of diseases that primarily affect the basic indicators of public health (cardiovascular disease, diabetes mellitus and others);
- for the treatment of diseases that can be effectively treated at outpatient (less expensive) stage;
- for those medicines only that are listed in the National List of Medicines.

The introduction of this system will also reduce the cost of essential medicines, increase their consumption, which in turn will increase the investment attractiveness of the Ukrainian pharmaceutical market.

Objective for 2016-2017: to implement a pilot project on reimbursement of medicines for selected medical conditions (in particular, cardiovascular disease).

- **Simplification of go-to-market for high-quality medicines (pharmaceutical market deregulation), the main components of which are the following:**

- simplification of the registration of medicines that have been registered in countries with strict regulatory jurisdiction;
- automatic recognition, without additional documentary examinations and procedures, of the certificates of good manufacturing practice (GMP) of the PIC/S (The Pharmaceutical Inspection Cooperation Scheme) countries and cancellation of the procedure for verification of their conformity;

- **Reforming the principle of regulation of prices for medicines.**

The state regulates exclusively the prices for medicines that are purchased or reimbursed for budgetary (public) funds. Price regulation on a free market is based on the principles of free competition.

Regulation of prices for medicines that are purchased or reimbursed for budgetary (public) funds will include the following:

in public procurement:

- external price referencing for the original foreign-made essential medicines;
- according to pricing formula "cost plus" for the original domestically produced essential medicines;
- for generic essential medicines of domestic and foreign production the threshold reduction of price for each subsequent registered generic medicinal product (by 10-15 %) in relation to the original one or first registered generic.

in the reimbursement system:

- determining the levels of reference prices (reimbursement prices) at the level of the lowest price of generic or therapeutic alternative available.

What has already been done:

- In 2012-2013, a successful pilot project on reimbursement of medicines to treat hypertension has been implemented. The project has led to increased consumption of medicines to treat hypertension. The number of calls to primary care physicians and polyclinic has increased from 4% to 51 % and the number of applies for emergency aid has decreased by 20%. The prices for expensive medicines that were subject to reimbursement have decreased by 10%.

- In April 2016, a draft law on simplification of the procedure for registration of medicinal products registered in countries with stringent regulatory field has been submitted to the Parliament.

Next steps:

- To approve National Medicines Policy;

- To approve the updated National List of Essential Medicines;
- To approve the automatic recognition, without additional documentary examinations and procedures, of certificates of good manufacturing practice (GMP) of the PIC/S countries;
- Preparation for implementation of the reimbursement system for defined essential medicines from 2017: determining the list of medicines from the National List and determining the categories of diseases that are subject to reimbursement.

IV.9. Deregulation and red tape reduction in education management system

Problem statement:

The present education management system is based on outdated, Soviet bureaucratic procedures. Total control over educational activity by public authorities and local government creates an atmosphere of distrust of educators. Because of this, there is an outflow of creative and talented teachers from educational institutions. The system requires deregulation and red tape reduction in all areas.

The coverage of preschool children (3-5 years) by pre-school educational institutions in Ukraine is 74.2 %. The queue for placing children to pre-school educational institution includes more than 90 thousand children. During the year, secondary education institutions have to submit more than 1,000 responses to information inquiries from the governing bodies of various levels.

Objective:

To increase the coverage of children by pre-school education, to reduce the bureaucratic burden on educators and free up time for their professional development.

Targets for 2016:

To create additional 25 thousand places in pre-school educational institutions (groups) of various types and forms of ownership.

To reduce labor efforts of secondary school employees for the preparation of accounting documents and information materials by 30%.

To reduce labor efforts of university staff for the preparation of documents for licensing and accreditation by 40%.

What has been done in the previous period

The Law "On Education" has been adopted. Ministry of Education and Science canceled several decrees that limited the autonomy of universities.

Pre-school education: the regulations concerning inclusive education have been adopted.

Sequence of steps to be done by the year's end

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1.	Development of draft amendments to the Law "On Pre-School Education" (concerning corporate pre-school educational institutions)	It is necessary to expand the network of pre-school educational institutions, including through public-private partnership	Ministry of Education and Science	June 2016	The right of children to pre-school education will be ensured
2.	Approval of the new version of the Sanitary Regulations for Pre-School Educational Institutions.	The previous version complicates the opening of new pre-school educational institutions.	Ministry of Health, Ministry of Education and Science	May 2016	The conditions for opening and maintenance of pre-school educational institutions of various types of ownership will be simplified.
3.	Optimization of reporting by secondary schools and departments of education and putting into operation of ITS "Public Education Information System" (PEIS)	It is necessary to reduce the bureaucratic burden across the entire educational vertical. To provide public authorities with relevant statistical information.	Ministry of Education and Science, Institute of Educational Analytics	Within a year.	The amount of generated routine reporting materials will be reduced and their collection will be automated.
4.	Adoption of a new procedure for inspection of educational institutions	Bringing the State Inspectorate activities into conformity with the laws of Ukraine.	Ministry of Education and Science, State Inspectorate of Educational Institutions of Ukraine	September 2016	The intervention of inspectors in the educational processes will be limited.

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
5.	Simplification of procedures for accreditation of program tracks and specialties in higher education	Current procedure for interaction between the Ministry and the Accreditation Commission during accreditation is too complicated.	Ministry of Education and Science	May 2016	The consideration of universities' applications for accreditation of program tracks and specialties will be expedited. The conditions for the effective start of activities of the National Agency for Quality Assurance in Higher Education will be created.
6.	Clarifying and simplifying the licensing conditions for universities	Eliminating bureaucratic procedures that do not provide education quality	Ministry of Education and Science	June	The labor efforts of university staff for the preparation to licensing of specialties will be reduced. The universities will focus on quality performance.

Key further steps to be implemented in the medium term

- Development of the legal framework for the creation of a register of educational institutions and a database of educational statistics.
- Advanced training of managerial staff of educational institutions and education system management bodies for the work under conditions of a wider autonomy of educational institutions.
- Ensuring financial autonomy of universities by acquiring a status of non-profit organizations according to the new version of the Tax Code of Ukraine.

IV.10. Modernization of professional (vocational) education

Problem statement:

Workforce training system should respond quickly to changes in socio-economic relations. It must meet the needs of the regional sector of economy, private business and individual demands. From 1 January 2016, the financing of expenditures on workforce training was transferred from the state budget to local budgets. Local budgets were not able to provide sufficient funds for proper maintenance of vocational schools. This resulted in tense situation with payment of salaries, scholarships and other social benefits guaranteed by the state.

Training in vocational schools is carried out by more than 400 blue-collar occupations. As of 01.01.2016, 817 vocational schools, which are subordinated to the Ministry of Education and Science of Ukraine, are operating.

Educational and material base is practically not updated in recent years. The needs for expenditures to finance vocational schools in 2016 is UAH 5.9 billion. Meanwhile, the expenditure on vocational education are approved for 2016 in the amount of UAH 4.4 billion. Including at the expense of local budgets – UAH 3.9 billion and stabilization grants – UAH 0.5 billion.

Objective:

To create conditions for quality training of the blue-collar workers, which can meet the requirements of the modern labor market of the region. To ensure equal access to professional (vocational) education.

Targets for 2016:

- To determine a new mechanism for the formation of national, regional and sectoral order for training of personnel in accordance with the real needs of the economy, regional labor markets and the demands of society.
- To develop and implement 30 national standards of professional (vocational) education in specific professions based on competence approach.
- To establish modern sectoral educational and training centers with attraction of investment from employers.
- To determine 3 critical professions and develop up-to-date training programs for them.

What has been done in the previous period

- A draft law of Ukraine "On Professional Education" has been elaborated.
- The allocation of stabilization grants in the amount of UAH 500.0 million to local budgets for 2016 for the expenditure on vocational education has been approved by the Resolution of the Cabinet of Ministers of Ukraine. However, the funds allocated are not enough to cover the expenditures of vocational schools.

Sequence of steps to be done by the year's end to meet the objective

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1	Adoption of the Law of Ukraine "On Professional Education"	Bringing the legislative framework concerning vocational training in line with the current needs of the economy	Ministry of Education and Science Ministry of Finance, Ministry of Economic Development and Trade, Ministry of Social Policy, other stakeholders	IV quarter	A basis for making managerial decisions on vocational education and its financial security will be created.
2	Creation of regional councils of vocational education, supervisory boards in educational institutions	Inconsistency of the education market needs and the quality of training with labor market needs	Ministry of Education and Science, Oblast, Kyiv City State Administrations, other stakeholders	IV quarter	Creation of new management system, development of social partnership
3	Ensuring financing of professional (vocational) education	The insufficiency of financial capacity of local budgets, especially of the individual budgets of regional centers, have made it impossible to provide sufficient funds to ensure proper maintenance of vocational schools.	Ministry of Finance, Ministry of Education and Science, Oblast, Kyiv City State Administrations	III, IV quarter	Financing of vocational schools should be provided from several sources: from state budget: <ul style="list-style-type: none"> - educational subvention for obtaining by vocational school students of complete secondary education, vocational education in professions, specialties of national importance; from local budgets - to obtain professional training in professions, specialties taking into account staffing needs on a regional labor market; - employers' funds.
3	Streamlining the	The contingent	Ministry of	III	Optimal use of financial,

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	network of vocational schools	of students tends to decrease in recent years. This leads to an increase in the number of underfilled schools. The cost of training one student is also growing.	Education and Science, Oblast, Kyiv City State Administrations	quarter	human, teaching, learning resources
4	Defining a new mechanism of formation of regional order for personnel training	The order must be based on forecasts of demand for specialists for sectors of the state economy as a whole and in each region. The employers and other stakeholders should be involved in its formation.	Ministry of Education and Science, Ministry of Economic Development and Trade, Oblast, Kyiv City State Administrations; local governments.	III, IV quarter	Increase in the number of graduates employed according to the acquired profession (specialty), their adaptation and securing at the workplaces.
5	The development of 30 state standards of vocational training for specific professions under competence approach based on professional standards.	The content of professional activities of a skilled worker, the requirements for his training should meet the requirements of the labor market	Ministry of Education and Science, Ministry of Social Policy, Federation of Employers of Ukraine	III, IV quarter	Updating the content and improving the quality of professional (vocational) education
6	Implementation of the pilot project on modernization of the training of workers of most critical professions.	Determining 3 critical professions and developing up-to-date training programs for them. Determining	Ministry of Education and Science	III, IV quarter	Improving the quality of professional (vocational) education

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
		educational institutions in different regions of Ukraine, where the training will be conducted, providing them with modern equipment.			
7	Creation, involving business, of modern educational and training centers by the industry direction.	Material and technical base of vocational schools is practically not updated in recent years.	Ministry of Education and Science, Oblast, Kyiv City State Administrations; social partners	III, IV quarter	Strengthening of material and technical base of vocational schools and the introduction of latest technologies

Key further steps to be implemented in the medium term

- Constant monitoring of the need for skilled workers.
- Aligning the personnel structure on the regional labor market with offers of educational services in vocational schools.
- The introduction of mechanisms to improve and control the quality of training of skilled personnel.
- Stimulating investment of employers in the material and technical base of vocational schools, particularly within the projects of public-private partnerships.

IV. 11. Audit and reform of the research and innovation system of Ukraine

Problem statement:

During the years of independence no real steps have been made to reform the research and innovation system of Ukraine. Because of this, the system is stagnating and some of its branches go to ruin faster and faster. Since there is no systematic understanding of research and innovation system's problems, it is impossible to determine the steps to reform it. It is necessary to increase the efficiency of the use of state budget funds allocated for science. It is necessary to ensure a productive cooperation between the scientific sector, executive authorities, real economy.

Since 2005, the number of employees of scientific organizations in Ukraine decreased by 35.7 %, including researchers – by 31.1 %. The share of all expenditure on scientific sphere of Ukraine in GDP since 2006 has a value below 1% of GDP (a measure of developed countries exceeds 2 % of GDP, the EU Lisbon Strategy provides for 3% of GDP). In 2016, the State Budget of Ukraine provides for scientific research funding at the level 0.16 % of GDP.

Objective:

To obtain a comprehensive assessment of the research and innovation system of Ukraine with recommendations for:

- optimization of available instruments to support the system;
- internationalization of research and the integration of Ukraine into the European Research Area;
- determining the role of science in the development of Ukrainian innovations.

To establish the National Council for Science and Technology.

Targets for 2016:

- Publication of the report on the audit of research and innovation system of Ukraine with the recommendations of an independent group of European experts;
- Approval by the Government of a Provision and the members of the National Council of Ukraine for Science and Technology.
- Starting the performance by the National Council of its functions provided by the Law of Ukraine "On Scientific, Scientific And Technological Activities".

What has been done in the previous period

Negotiations have been conducted with the European Commission and the confirmation of the performance of audit has been received.

Within the framework of establishing a Scientific Committee of the National Council of Ukraine for Science and Technology:

- a competitive tender for the selection of candidates to the composition of the Identification Committee on Science has been held; the information on 63 potential candidates was obtained based on its results;
- the international scientometric database Scopus and h-index rating of the scientists of Ukraine have been approved to form a special tender commission that will approve the composition of the Identification Committee on Science.

Sequence of steps to be done by the year's end to meet the objective.**As part of the audit of national research and innovation system between the European Commission and a delegation of the Ministry of Education and Science:**

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1	Auditing the research and innovation system	Visiting Ukraine's institutions responsible for the formation and implementation of policy in the field of science and innovations, as well as leading universities and research institutions	EC Ministry of Education and Science NASU	June 2016	Assessment of the science and innovation activities management system

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
2	Preparation and discussion of the draft report on the audit	Study and summarizing, harmonization and refinement of the information obtained	EC Ministry of Education and Science Interested executive authorities Universities scientific institutions NGOs	July-September 2016	Summarizing and structuring of the information obtained during the audit
3	Publication of a final report with recommendations by EC		EC Ministry of Education and Science	October 2016	Presenting a report with recommendations of an independent group of European experts

Within the framework of establishing a Scientific Committee of the National Council of Ukraine for Science and Technology:

	Steps	Explanation, Justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1	Inspection of the special tender committee members	The Laws provides for stringent requirements for committee members	Ministry of Education and Science	May 2016	Staffing of the special tender committee
2	Selection by the members of special tender committee of the members of Identification Committee on Science. Checking and approval by the Cabinet of Ministers of Ukraine of the candidates for committee members	The Laws provides for stringent requirements for Identification Committee members Its composition is approved by the Act of the Cabinet of Ministers of Ukraine which is submitted by the Ministry of Education and Science based on the decision of the special tender committee	special tender commission Ministry of Education and Science the Cabinet of Ministers of Ukraine	II-III quarter	Formation and approval of members of the Identification Committee on Science

	Steps	Explanation, Justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
5	Holding a competitive tender for the selection of members of the Scientific Committee	The competitive tender is held exclusively by Identification Committee; executive authorities do not affect this process	Identification Committee on Science	III quarter	Selection of the candidates to members of Scientific Committee of the National Council of Ukraine for Science and Technology:
6	Formation and approval of the composition of the Scientific and Administrative Committees and the National Council of Ukraine for Science and Technology in general	Based on the results of the competitive tender the Ministry of Education and Science submits relevant draft government regulations.	Ministry of Education and Science the Cabinet of Ministers of Ukraine	IV quarter	Start of activities of the Scientific Committee of the National Council of Ukraine for Science and Technology:

Key further steps to be implemented in the medium term

- The use of recommendations from independent international experts when determining the priorities and tools for optimization of research and innovation system of Ukraine.
- Approval of the Roadmap for integration of the research and innovation system of Ukraine into the European Research Area
- Establishment in 2017 of the National Research Foundation of Ukraine at the premises of the State Foundation for Basic Research.
- Optimization of the state research and innovation system to increase the share of innovative products in the domestic production, strengthen the defensive capacity of the state.

IV. 12. Bringing local cultural institutions up to date within the framework of decentralization

Problem statement:

In Ukraine, in connection with the process of decentralization there are fears that a network of village, town, district cultural institutions (libraries, cultural centers, amateur art sections, etc.) will disappear. Providing these institutions with a new functional meaning will help to keep them. They will be able to become a social institution for cohesion of local communities. For the first time the Ministry of Culture will become an institution that will carry out a transfer of knowledge and best practices to the local level.

A residual principle of financing the culture and the crisis phenomena of recent years have created a number of negative trends. 32% of villages do not have access to library services. The network of public libraries during 2012-2014 has decreased by 8%. 30% of workers in the sector are part-time employed, among village librarians this figure is 50%.

Objective:

Inventory and assessment of existing cultural institutions in towns, villages, towns, townships; introduction of new models of their functioning according to the needs of communities.

Targets for 2016:

Development of 3 to 5 standard models of local cultural locations functioning and their pilot implementation.

What has been done in the previous period:

A Resolution of the Cabinet of Ministers of Ukraine No. 219 of 23.03.2016 "On Approval of the Strategy of Librarianship Development for the period until 2025 "Qualitative Changes in Libraries for the Sustainable Development of Ukraine" has been adopted;

A Resolution of the Cabinet of Ministers of Ukraine No. 946 of 18 November 2015 "On Amendments to Paragraph 2 of the Resolution of the Cabinet of Ministers of Ukraine dated 23 April 2014 No. 117" has been approved.

Sequence of steps to be done by the year's end to meet the objective.

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1.	A thorough inventory and assessment of existing cultural institutions in towns, villages, townships Review of general figures and indicators of local cultural institutions functioning	Clarification of the overall picture concerning cultural institutions and review of the basis of general figures and indicators of the functioning of local cultural institutions directly associated with the change in function of the culture.	Ministry of Culture	IV	Bringing the proposed services in line with the expectations of the public
2.	The development of differential models of cultural institutions according to the	Flexible models of bringing local cultural institutions up to date will be offered For example, "dining room	Ministry of Culture	IV	Under such conditions the cultural institution will never disappear.

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	needs of communities	plus library" which will equal literary cafe. The list of such models is inexhaustible and will be improved continuously.			It will be brought up to date, acquire new functional meaning, become a tool of socio-economic development of the community.
3.	A mechanism from the state for conversion of cultural institutions	It is necessary to develop an effective mechanism from the state for conversion or renewal of local cultural institutions. Promoting the activities of non-governmental institutions aimed at support of the communities' cultural initiatives.	Ministry of Culture, Ministry of Economic Development and Trade, Ministry of Finance	constantl y	Under conditions of a crisis and lack of money in the community to meet the immediate vital needs the solution to strategic issues is thrown into the background. Therefore, the financial and institutional support of qualitative transformations by the state is important.
4.	A dialogue with communities and local authorities	The ongoing dialogue, trainings, communication with communities and local authorities will help to overcome the lack of initiative of local authorities.	Ministry of Culture, Ministry of Regional Development, local authorities	constantl y	Formation of community development centers around cultural institutions, consolidation of citizens who have common interests and defend them.

Key further steps to be implemented in the medium term

- The improvement of differential models of cultural institutions according to the needs of communities;
- The search for new methods of work aimed at meeting the needs of the public.

IV. 13. Creating an integrated electronic system for registration of the cultural heritage of Ukraine

Problem statement:

At the state level there is no complete and accurate information about the quantitative and qualitative composition of the Museum Fund of Ukraine (state and non-state parts). The same applies to immovable heritage monuments. There is no centralized precise data on circulation of cultural property, general fund of lost, displaced and returned cultural property. The lack of such information prevents popularization of Ukrainian cultural heritage in the world, increasing its tourist appeal.

As of 2014, 543 museums and reserves of state and municipal ownership store more than 10 million items of the basic fund. There is no data on quantitative and qualitative composition of the non-state part of the Museum Fund of Ukraine.

Objective:

Creation of basic registers (databases) of movable, immovable heritage items, as well as lost/abandoned cultural property in the occupied territories, the integration of this information in national and international information resources.

Setting differentiated access to it for target audiences.

Targets for 2016

Establishing an electronic register

What has been done in the previous period

The regulatory and legal acts have been drafted, which is a preparatory stage for the introduction of registers.

The analysis of the current actual state of accounting the state part of the Museum Fund of Ukraine as well as the real number of museums and other institutions of museum type that contain Museum Fund of Ukraine is carried out.

The collection of information has begun to create a database of cultural items of the Museum Fund of Ukraine that were lost and stolen from museums of state and municipal ownership in 2010-2015.

Sequence of steps to be done by the year's end to meet the objective.

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1.	Summarizing the full verification of the availability of monuments of the state part of the Museum Fund of Ukraine with stock accounting	Full verification was initiated under the Order of the Ministry of Culture No. 681 of	Ministry of Culture, departments and administrations of culture of oblast, Kyiv city state	Starting from the II quarter of 2016	Identifying the real state of keeping stock accounting documentation Adjustment of the main fund by liberation from: non-core items; items that have

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	documentation	29.10.2003.	administrations		no museum value or lost it through poor state of preservation; items to be recorded in the scientific and auxiliary fund; numbers wrongly given to two different items, or vice versa, two account numbers to one item, etc.;; museum items that have been lost during emergencies
2.	Introduction of Instructions on accounting of museum items	The need to resolve the issue of accounting the items of state and non-state parts of the Museum Fund of Ukraine in accordance with the current legislation of Ukraine	Ministry of Culture	II quarter	It will create the necessary conditions for the introduction of a unified mechanism for accounting the items of the Museum Fund of Ukraine. The Instruction is actually a model of cultural heritage electronic accounting system
3.	Introduction of the Procedure for accounting of museum items in electronic form	The need to determine a single algorithm for accounting of museum items in electronic form to create a register of items of the Museum Fund of Ukraine	Ministry of Culture	II-III quarter	It will implement a unified standard of data exchange, pave the way to creating effective tools for stock accounting processes automation and the formation of a single register of museum items Ukraine.
4.	Defining the requirements for registers (databases) of cultural property,		Ministry of Culture, State Fiscal Service,	Within a year	It will enable to form the terms of reference for the development of software for the appropriate databases,

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	items of the Museum Fund of Ukraine, museum institutions, developing a vision of their interagency integration		Ministry of Internal Affairs		to determine the cost of the software and the necessary resources (financial, technical, human) for keeping the registers

Key further steps to be implemented in the medium term

- development (modernization) of the software for the registers (databases) in accordance with the requirements formed;
- installation of modern server hardware.

IV. 14. Establishment of the Ukrainian Culture Fund

Problem statement:

Available tools of state support for culture do not meet the needs of the time and European practice. Therefore, on the one hand, even the available resources are spent mainly on the things that does not create development or change. On the other hand, it fails to overcome the systemic gap between the public and independent sectors of culture. There is an urgent need for creation of a transparent tool of budgetary support for cultural initiatives and cultural and art projects on a competitive basis. This tool should be the Ukrainian Cultural Fund. It will be one of the few available in Ukraine open sources of financing cultural projects. It will help equalize budget and non-budget sectors in their access to resources. The Ministry of Culture will get rid of extrinsic functions of allocation of distribution of funds between the actors of cultural space.

Objective:

Establishment of Ukrainian Culture Fund, gradual expansion of the sources of its financial income.

Targets for 2016:

Already in 2016, the Fund will be able to allocate UAH 6 million for the support of projects In the future, the operating budget of Ukrainian Culture Fund can double.

What has been done in the previous period:

- A competitive system of grant support for cultural projects has been launched.
- The Regulation on the Expert Council of the Ministry of Culture of Ukraine for the selection of cultural and art projects for the provision of state financial support has been approved.
- The members of the above Expert Committee have been appointed.

- A Work Plan of the Ministry of Culture for the I and II quarters of 2016 has been prepared regarding the provision of share financial support from the State Budget of Ukraine for the organization and holding of cultural and artistic events.

Sequence of steps to be done by the year's end to meet the objective.

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1.	Development of the Law of Ukraine "On the Ukrainian Culture Fund"	Formation of the Ukrainian Culture Fund	Ministry of Culture, Ministry of Finance, Ministry of Economic Development and Trade Ministry of Justice	Within a year	Formation of the Ukrainian Culture Fund will help to provide financial support through grants, scholarships, prizes, etc. for cultural projects undertaken by public and private institutions, organizations and individuals.
2.	Changes in the financial activities of the Ministry of Culture	At the first stage, the budget of the Fund will be filled with funds provided for the Ministry of Culture to hold cultural and artistic events under relevant budget programs.	Ministry of Culture, Ministry of Finance,	Within a year	Announcements of open call for proposals by the Fund
3.	Development of proposals concerning amendments to the Tax Code, the Law of Ukraine "On State Lotteries in Ukraine", "On Charity and Charitable Organizations"	Search for a stable source of Fund budget	Ministry of Culture, Ministry of Finance, Ministry of Economic Development and Trade	Within a year	A substantial increase in the financial support of cultural sphere (and in the public and private sectors).

Key further steps to be implemented in the medium term

- Search for new sources of filling the fund;
- The launch of new mechanisms to support Ukrainian artists.

IV. 15. Presentation of Ukraine at international sporting events

Problem statement:

Decent participation of Ukrainian athletes in international competitions strengthens the international prestige of our country. This year, it is necessary to ensure the preparation and participation at the proper level of the national team of Ukraine in the XXXI Olympic Games 2016 and in the summer XV Paralympic Games 2016 (Rio de Janeiro, Brazil), to represent Ukraine at the 42nd World Chess Olympiad.

In addition, Ukraine has to fulfill the requirements of the World Anti-Doping Agency in accordance with the International Convention against Doping in Sport.

As of 18 May 2016, the athletes of national teams of Ukraine in Olympic sports won 197 licenses in 24 sports to participate in the Olympic Games 2016, Ukrainian Paralympians won 95 licenses in 15 sports to participate in Paralympics.

Objective:

Creating a positive image of the country in the world community, strengthening patriotism and unification of society through sports achievements of Ukrainian athletes.

Accreditation of anti-doping laboratory

Targets for 2016:

- To obtain up to 180 licenses to participate in the XXXI Summer Olympic Games.
- Following the Games, to enter top 20 strongest sports countries.
- To obtain up to 150 licenses to participate in the XV Summer Paralympic Games.
- Following the Games, to enter top 10 strongest sports countries.
- To take part in 600 international competitions in Olympic sports, including 172 World and European Championships and eventually to win 400 medals.
- To take part in 450 international competitions in non-Olympic sports, including 180 World and European Championships and eventually to win 2000 medals.
- To obtain up to 40 licenses to participate in the X World Games for non-Olympic sports in 2017.
- To win one medal at the 42nd World Chess Olympiad.
- To take part in 142 international competitions in disabled sports, including 22 World Championships and 23 European Championships and eventually to win 475 medals.
- To hold in Ukraine at least 35 international sports events (estimated number of participants is more than 1,000 persons).

5. What has been done in the previous period (2014 – beginning of 2016)

Sequence of steps to be done by the year's end to meet the objective

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1.	Ensuring the participation of athletes of national teams in the competitions, where the right to participate in the XXXI Olympic Games is received	To participate in the Games it is necessary to get a license in the relevant international competitions	Ministry of Youth and Sports of Ukraine, national federations of sports	II- III quarter	Obtaining up to 180 licenses
2.	Ensuring the participation of Paralympian athletes in the competitions, where the right to participate in the XV Paralympic Games is received.	To participate in the Games it is necessary to get a license in the relevant international competitions	Ministry of Youth and Sports of Ukraine, National Sports Committee for the Disabled of Ukraine, Ukrainian Center "Invasport"	II- III quarter	Obtaining up to 150 licenses
3.	Ensuring the participation of the national team in the XXXI Summer Olympic Games (05-21 August 2016)	The national team for 24 sports will participate in the Games	Ministry of Youth and Sports of Ukraine, National Olympic Committee of Ukraine, national federations of sports	III quarter	Entering the top 20 world's strongest sports countries
4.	Ensuring the participation of the national team in the XV Paralympic Games (07-18 March 2016)	The national team for 15 sports will participate in the Games	Ministry of Youth and Sports of Ukraine, National Olympic Committee of Ukraine, national	III quarter	Entering the top 10 world's strongest sports countries

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
			federations of sports		
5.	The participation of the national team of Ukraine in 42nd World Chess Olympiad	Ensuring the participation of chess players in sports competitions and training camps	Ministry of Youth and Sports of Ukraine, Chess Federation of Ukraine	III quarter	Creating a positive image of the country in the world community
6.	Meeting the requirements of World Anti-Doping Agency by Ukraine	Approval by the Government of the draft Law of Ukraine "On Amendments to the Law of Ukraine "On Anti-Doping Controls in Sports"	Ministry of Youth and Sports of Ukraine	II quarter	Adapting current legislation of Ukraine to the requirements of international law
7.	Holding international sports events in the territory of Ukraine	Promoting a healthy lifestyle and appropriate sport	Ministry of Youth and Sports of Ukraine, National Olympic Committee of Ukraine, national federations of sports	December	Strengthening the Ukraine's position in the world community as a sports country
8.	Ensuring the representation of Ukraine in the governing and other bodies of international sports institutions	Participation in shaping the rules and principles of international sports movement	Ministry of Youth and Sports of Ukraine, National Olympic Committee of Ukraine, national federations of sports	December	Promoting the interests of Ukraine in the international sports community

Key further steps to be implemented in the short term

- Development and adoption of the Concept of Training Ukraine's Athletes to XXXI Summer Olympic Games 2020.
- Preparation and participation in licensed competitions of Ukraine's athletes in Winter Olympic and Paralympic Games 2018.
- Preparation for participation of Ukraine's young athletes in the III Youth Olympic Games in 2018 in Buenos Aires (Argentina).
- Accreditation of anti-doping laboratory with modern equipment according to requirements of the World Anti-Doping Agency.

IV. 16. The national-patriotic education

Problem statement:

Today's challenges: military aggression of the Russian Federation and attempts of internal destabilization have shown the vital need to intensify the process of formation of national-patriotic education and democratic values. Prolonged neglect of national-patriotic education and non-formed state ideology during the previous years provoked a number of negative phenomena in the Ukrainian space. It is therefore very important that national and patriotic education has become one of the major state priorities.

Forming a common historical memory, achieving complementarity of views on the past and future of the nation, the ways of further progress, strengthening Ukrainian identity, especially in the eastern and southern regions of the state, as opposed to external information and psychological impact and the production of ideological and value disorientation are today's strategic tasks.

Over the past years, the coordinating councils on the national-patriotic education at the local state administrations has not been created, particularly because of weak intersectoral coordination and interaction over the past years between public authorities, local governments, public sector concerning the formation and strengthening of ideological and value principles on which the process of national-patriotic education is based.

The results of recent opinion polls conducted by order of the United Nations Development Programme (UNDP) Ukraine had identified issues that need to be considered when forming perspective areas of military and patriotic education and raising the prestige of military service under contract in the Armed Forces of Ukraine. In particular, the results of research have shown that in Ukraine on average 14.71 % of young people are not willing to protect the homeland in arms under any circumstances in case of necessity. And in the oblasts that due to the geopolitical situation and the aggression of the Russian Federation should be the most mobilized for the defense these figures are even worse.

Thus, the percentage of young people who will not under any circumstances defend their country in arms in that oblasts exceeds 20 %:

- *Donetsk Oblast – 30.06 %; Luhansk Oblast – 34.51 %; Kharkiv Oblast – 26.19 %; Chernihiv Oblast – 24,25 %; Kherson Oblast – 23.16 %; Zaporizhia Oblast – 21.19 %; Zakarpattia Oblast – 21.52 %.*
- *In general, according to the research, over 50 % of young people in Ukraine are not ready to defend Ukraine in arms. And, for example, in Luhansk Oblast, only 7 % of young people under certain circumstances are ready to defend Ukraine in arms, and 34.5 % will not do it.*

Objective:

- Ensuring systematic and concerted actions of public authorities, local governments and civil society institutions towards national- patriotic education that accordingly will contribute to the unity and consolidation of Ukrainian society;
- increasing the awareness of young people about NATO standards and the readiness to struggle for national independence and territorial integrity of Ukraine, in particular by increasing the prestige of military service under contract in the Armed Forces of Ukraine.

Targets for 2016

- Holding in 2016 of 10 international and national events aimed at raising the awareness of young people about the standards of NATO and the prestige of military service under contract in the Armed Forces of Ukraine and potentially increasing the number of young people, especially living in the eastern and southern regions of the country, ready to protect the territorial integrity and independence of Ukraine by 10%.
- Establishment of coordination councils on national-patriotic education at the oblast and Kyiv city state administrations (by the end of June 2016) and in the future at all district administrations (by the end of 2016).

What has been done in the previous period

- The Resolution of the Cabinet of Ministers of Ukraine No. 524 of 22.07.2015 established the Interdepartmental Commission on the national-patriotic education, the main task of which is to coordinate the actions of the executive authorities on national- patriotic education;
- The Strategy of National-Patriotic Education Of Children and Youth for 2016 - 2020 has been approved by the Decree of the President of Ukraine No. 580 of 13 October 2015;
- the annual State Report to the President of Ukraine, Verkhovna Rada of Ukraine has been prepared on the situation of young people in Ukraine on the topic: "The National-Patriotic Education – the State Priority of National Security" (following the results of 2014) and committee hearings have been held. A thorough analysis of the problems has been conducted and a systematic approach to resolve them has been developed;
- the dialogue with civil society initiatives that work towards national-patriotic and military-patriotic education has been established and joint actions are conducted;
- a contact base of officials responsible for coordinating the direction of national-patriotic education in the oblasts, districts, cities of Ukraine (over 800 people) has been formed, to which the Ministry of Youth and Sports regularly sends information on the activities, events, meetings, conferences organized, draft legal acts developed, etc;

Significant nationwide events have been held:

- "Heroes' Day" action to the Independence Day of Ukraine (Kyiv);
- All-Ukrainian action aimed at patriotic education of youth "Hetman's Baturyn" within children's and youth military-patriotic game "Sokil" ("Jura") (Baturyn);

- All-Ukrainian national-patriotic action "Protection of Heroes" with the participation of about 200 representatives of local state administrations, local governments, the public (Donetsk Oblast);
- the Spartakiade of pre-conscription youth has been restored;

The following draft documents have been developed jointly with the public:

- draft Concept of the National Programme for National-Patriotic Education for 2016 - 2020" (the draft act is referred for approval to concerned bodies);
- draft Concept of Military-Patriotic Education of Youth (02.03.2016 the draft was approved by the Cabinet of Ministers of Ukraine);
- Resolution of the Cabinet of Ministers of Ukraine "On Approval of Model Regulations on Coordination Council on National-Patriotic Education at the Local State Administration" (the draft act is referred for approval to concerned bodies).

Sequence of steps to be done by the year's end to meet the objective

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1.	Forming a system of cooperation between the central government bodies, local state administrations and civil society institutions on national-patriotic education	Creating a legal framework for the formation of coordination councils on the national-patriotic education at local state administrations.	Ministry of Youth and Sports of Ukraine, Ministry of Economic Development and Trade, Ministry of Finance, Ministry of Justice, Security Service of Ukraine, National Police of Ukraine, State Border Guard Service, State Emergency Service of Ukraine, State Fiscal Service of Ukraine, State Forest Resources Agency of Ukraine, oblast and Kyiv City State Administrations, All-Ukrainian associations of local self-government bodies	October	Creating an effective tool to strengthen civil unity based on national-patriotic and democratic values
2.	Establishment of coordination councils	Coordination councils on national-patriotic	Oblast, Kyiv city, district	IV quarter	Introduction of effective

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	on national-patriotic education at the oblast and Kyiv city state administrations (by the end of June 2016) and in the future at all district administrations (by the end of 2016).	education at the local state administrations should be established as a permanent advisory bodies that promote implementation of the state policy on national-patriotic education in the territory of the relevant administrative unit of Ukraine	administrations.		mechanisms for systematic interaction between state bodies, local authorities and civil society towards national-patriotic education
3.	Holding of 10 international and national events to raise the awareness of young people about NATO standards and prestige of military service under contract in the Armed Forces of Ukraine	Due to the direct threat of losing sovereignty and independence of Ukraine a crucially important task is to increase the defensive capacity of the state, including through military-patriotic education of the young generation of Ukrainian citizens, forming national-patriotic consciousness, national dignity and readiness to perform constitutional and civil duty to protect the national interests of Ukraine	Ministry of Youth and Sports, Ministry of Education and Science, Ministry of Defence, Ministry of Social Policy, Ministry of Culture, Ministry of Information Policy, oblast and Kyiv city state administrations	II – IV quarter	Increasing the awareness of young people about NATO standards and the readiness to struggle for national independence and territorial integrity of Ukraine, in particular by increasing the prestige of military service under contract in the Armed Forces of Ukraine

Key further steps to be implemented in the medium term

The development of effective and efficient national system of national-patriotic education, which will help consolidate society around the state building processes and increase the level of national security, in particular by:

- conducting a scientific-methodological research to identify the indicators of evaluating the effectiveness of measures in the field of national and patriotic consciousness;
- approval of the National Programme for National-Patriotic Education for 2016-2020;

- approval by the Decree of the President of Ukraine of a Concept of military-patriotic education of youth, which aims to increase the defense capability of the state, ensure national security by identifying key areas of improvement of military-patriotic education of youth, including the gradual transition from the Soviet-totalitarian forced mobilization to motivation of the most physically, mentally and psychologically suitable persons for military service under contract in the Armed Forces of Ukraine on the models of the Euro-Atlantic area;
- defining the model and powers of the state body that will have sufficient legal mechanisms for the coordination of all activities in the field of national-patriotic education as well as monitoring and controlling the quality of their implementation.

IV.17. New opportunities for self-actualization of Ukrainian youth

Problem statement

Participation of youth in social and political life of the state, shaping policies concerning its problems remains at low level. In addition, various studies show unsystematic character of forming civic position among young people, their insufficient integration into European and global youth community. The level of practical skills of young professionals, the level of youth employment in the chosen profession, the pace of development of entrepreneurship among young people leave much to be desired.

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

Objective:

To increase the number of participants in programs and activities aimed at solving pressing problems of youth by 15%.

Targets for 2016:

- To involve 300,000 young people to the implementation of programs (projects, events) developed by civil society institutions to address the pressing problems of youth.
- To involve 2,000 young people to the implementation of projects in the framework of the Ukrainian-Polish and Ukrainian-Lithuanian exchanges;
- To award up to 20 prizes of the Cabinet of Ukraine for the achievements of young people in the development of Ukraine.
- To train 250 professionals working with young people.
- To adopt regulations on the activities of youth centers in the regions of Ukraine.

5. What has been done in the previous period

- *The National Programme "Youth of Ukraine" has been approved for 2016-2020.*
- *The amount of the prize of the Cabinet of Ministers of Ukraine for outstanding achievements of young people in the development of Ukraine has been increased (from UAH 2,400 to UAH 50,000).*
- *Changes have been introduced to the regulations that enable civil society institutions to implement socially important programs (projects, events) more efficiently and with higher quality.*

- *Intergovernmental agreements on exchanges of youth of Ukraine, Poland and Lithuania have been concluded.*

6. Sequence of steps to be done by the year's end to meet the objective

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1	Holding a competitive tender to determine the programs (projects, events) developed by civil society institutions	It is necessary to support public initiatives, participation of civil society institutions in the implementation of state policy in the field of youth	Ministry of Youth and Sports of Ukraine	II-IV quarter	A financial support will be provided to youth and children's organizations
2	Implementation of the Ukrainian-Polish and Ukrainian-Lithuanian youth exchanges	It is necessary to develop international youth cooperation, deepen contacts and good-neighbourly relations between the youth of Ukraine, Poland and Lithuania	Ministry of Youth and Sports of Ukraine	II-IV quarter	Youth exchanges will take place
3	Awarding under new system of the Prizes of the Cabinet of Ukraine for the outstanding achievements of young people in the development of Ukraine		Ministry of Youth and Sports of Ukraine	III quarter	The motivation of young people to participate actively in the life of society will be increased
4	Creating a legal basis for the activities of youth centers in the regions of Ukraine	One of the tasks is the decentralization of youth policy	Ministry of Youth and Sports of Ukraine	IV quarter	The role of civil society institutions working with young people in the implementation of youth policy at regional level will be increased
5	Conducting basic and specialized trainings, online testing	Implementation of "Youth Worker" program	Ministry of Youth and Sports of Ukraine	III - IV quarter	250 youth workers will be trained

Key further steps to be implemented in the medium term

- Strengthening the work on the integration of Ukrainian youth in the global and European youth community.

IV. 18. Deregulation and decentralization of physical culture and sports sphere

Problem statement:

In previous years, the consumer sentiments have been formed in the sports environment, which, in particular, become apparent in focusing on government funding of sports. To a large extent this is due to the fact that the relevant ministry, regional and municipal authorities in the field of sports perform extrinsic functions. The relationships between the sector players need a reform in accordance with international practice.

It is about decentralization and deregulation of a system of professional, children's and youth and mass sports of Ukraine. It envisages, in particular, the following: greater involvement of sports federations in developing and implementing sectoral public policy and creating a new model of youth sports schools, improving their interaction with national sports federations.

In 2015, the Experiment was introduced concerning the transfer of certain powers of the Ministry to national sports federations. Within the Experiment relevant federations receive state financing. They provide for the organization and holding of sports competitions and training sessions, participation of the national teams of Ukraine in international competitions, etc.

In Ukraine there are 52 federations for Olympic sports. In 2015, four sports federations took part in the Experiment. In May 2016, another 2 federations took part in the Experiment.

As of May 2016, 1363 youth sports schools of various forms of ownership and subordination are functioning in Ukraine. In 2015, the number of youth sports schools decreased by 73 schools. Of which: 30 – optimized, 9 closed due to lack of financing, 34 suspended their activities, but still exist de jure.

Objective:

Continuing the Experiment, involvement of the other sports federations into it. Preventing the reduction of the number of students and trainer and teaching staff, the groundless and unjustified liquidation of youth sports schools irrespective of their subordination and form of ownership.

4. Targeted quantitative indicators to be achieved in the medium term and by the end of the year

Preserving the percentage of people (12 %) involved in sports activities at youth sports schools. The annual increase in the number of children involved in sports activities, including at youth sports schools, by 1%.

5. What has been done in the previous period

Federations taking part in the Experiment have held 94 official sports events at the expense of the state budget and 10 events at the expense of extrabudgetary funds.

The percentage of youth (6 to 18 years of age) who are engaged in sports schools is relatively stable (in 2012 – 12.9%, in 2013 – 13%, in 2014 – 12.7%, in 2015 - 12 %).

6. Sequence of steps to be done by the year's end to meet the objective

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1.	Monitoring the Experiment on involvement by the Ministry of Youth and Sports of federations for certain Olympic sports to the organization and holding of sports events	It necessary to determine positive and negative factors of the Experiment introduction	Ministry of Youth and Sports, federations for sports participating in the Experiment	December 2016	The mechanism of Experiment extension will be adjusted.
2.	Transfer of powers to approve rules of competitions to sports federations	It is necessary to improve the procedures for approval of the rules of sports competitions in line with international standards	Ministry of Youth and Sports of Ukraine	December 2016	Ministry of Youth and Sports will get rid of redundant functions.
3.	Monitoring the effectiveness of youth sports schools	It is necessary to identify the duplication of functions of youth sports schools acting on the same territorial unit	Ministry of Youth and Sports of Ukraine, local executive authorities and local self-government authorities	December 2016	Preventing the reduction of the number of students and trainer and teaching staff, the groundless and unjustified liquidation (reorganization) of youth sports schools irrespective of their subordination and form of ownership. Effective use of funds of the respective budgets

Key further steps to be implemented in the medium term

- By 15 January 2017, to submit proposals to the Cabinet of Ministers of Ukraine on feasibility of the Experiment.
- To develop amendments (changes) to the Law of Ukraine "On Physical Culture and Sports" in terms of improving the relations between the state and entities of the sphere of physical culture and sports.

V. ANTI-CORRUPTION, RULE OF LAW, PUBLIC SAFETY

V. 1. Development of patrol police units

Problem statement:

New police was established to maintain public safety and order, provide high-quality police services, reduce the accident rate on the roadways of the state, improve public confidence in the police.

Patrol Police Department started its activities in July 2015 and its offices were opened in 24 cities of the country (in 2015 – 10, in 2016 – 14).

Objective:

Improving public safety and order, ensuring an adequate level of response to reports of crimes and other events, and improving public confidence in the police.

Targets for 2016:

By August 2016, it is planned to complete the opening of patrol police offices in another 8 cities of the country (total – 32 cities), including those located in the area of anti-terrorist operation

What has been done in the previous period:

From 23 July 2015, the Patrol Police Department started its activities. Patrol Police Offices were opened in 24 cities of Ukraine: Kyiv, Kirovohrad, Lviv, Odesa, Kharkiv, Mykolayiv, Lutsk, Uzhgorod and Mukacheve, Khmelnytskyi, Dnipropetrovsk, Ivano-Frankivsk, Kherson, Chernihiv, Vinnytsia, Kremenchuh, Cherkasy, Poltava, Ternopil, Zhytomyr, Boryspil, Chernivtsi, Rivne, Zaporizhia.

Within the framework of implementing "Police and Community" Concept a cooperation with the public has been improved (patrol police officers visit educational institutions, take part in conferences and sporting events, hold informal meetings with activists of communities, exercise police custody).

Sequence of steps to be done by the year's end to meet the objective:

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1	Completion of training and opening of patrol police offices in 32 cities of Ukraine, including those located in the area of anti-terrorist operation	As of 10 May 2016, patrol police units are already functioning in 24 cities of the country. By August 2016, it is planned to open patrol	National Police of Ukraine, Ministry of Internal Affairs (jointly with international partners)	III quarter	It will ensure the functioning of patrol police units. It will help to improve public safety and order, ensure an adequate level of response to reports of crimes

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
		police offices in 8 cities of Ukraine, particularly in Kryvyi Rih, Sumy, Mariupol, Sloviansk and Kramatorsk, Severodonetsk, Lysychansk and Rubizhne			and other events and will enable to improve public confidence in the police officers.

Key further steps to be implemented in the medium term:

Development and improvement of police patrol units.

V. 2. Development of the service centers of the Ministry of Internal Affairs

Problem statement:

Currently, to ensure the provision of services for the registration of vehicles, obtaining driver's license, issuance of permits in the sphere of traffic policing instead of Inter-District Registration and Examination Department of the State Traffic Safety Inspectorate a network of service centers of the Ministry of Internal Affairs has been created.

However, the existing mechanisms for providing these services remain inefficient, contain a huge number of various corruption factors, bureaucratic procedures and barriers which unnecessarily consume a lot of time in the provision of services, do not meet the European standards and are not based on modern technological possibilities.

Due to the above, the Government faces next challenge – the introduction of European standards of quality in providing services to citizens who are within the competence of the service centers, ensuring transparency and efficiency in their provision.

The system of service centers of the Ministry of Internal Affairs started its activities on 7 November last year after the adoption of the Resolution of the Cabinet of Ministers of Ukraine No. 889 of 28 October 2015 "On Establishment of Territorial Service Providing Bodies of the Ministry of Internal Affairs".

Today, the system consists of a Main service center of the Ministry of Internal Affairs, 26 regional service centers of the Ministry of Internal Affairs in oblasts, the Autonomous Republic of Crimea and in the cities of Sevastopol, Kiev and 148 territorial service centers of the Ministry of Internal Affairs.

Objective:

By the end of 2016 it is planned to do the following: development and introduction of new rules for vehicle registration under up-to-date transparent procedures and European standards; improving the procedure for mandatory technical inspection of vehicles; approximation of services provided by service centers to the citizens through the deployment of 20 mobile service centers.

In the medium term it is planned to do the following: to introduce a new procedure for taking exams for obtaining a driver's license, which will include, in particular, the possibility of passing the exam online, changing examination algorithms, new standards for exam transparency and objectivity control; the transfer of authority to make decisions about service provision from service center managers directly to administrators of front offices; introducing the procedure for provision of electronic services.

Targets for 2016:

By the end of 2016, the functioning of the Main service center of the Ministry of Internal Affairs, 26 regional service centers of the Ministry of Internal Affairs in oblasts, the Autonomous Republic of Crimea and in the cities of Sevastopol, Kyiv, and 148 territorial service centers of the Ministry of Internal Affairs, as well as of 20 mobile service centers is expected.

What has been done in the previous period and the results

From 7 November 2015, the system of service centers started its activities, which was created through the adoption of the Resolution of the Cabinet of Ministers of Ukraine No. 889 of 28 October 2015 "On Establishment of Territorial Service Providing Bodies of the Ministry of Internal Affairs".

A mechanism of free access to the Unified State Register of the Ministry of Internal Affairs (the register of vehicle owners) has been introduced.

A process of integrating the Unified State Register of the Ministry of Internal Affairs with other systems of international and national level has been initiated.

By the adoption of appropriate regulatory acts a number of corruption mechanisms in the provision of services has been eliminated and the procedure for their provision has been simplified.

A process of comprehensive replacement of full-time personnel of service centers has been initiated.

Sequence of steps to be done by the year's end

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1	Development and adoption of an Act of the Cabinet of Ministers of Ukraine, which will approve a	The current registration rules do not meet the needs of individuals and legal entities and	Ministry of Internal Affairs	IV quarter	The introduction of a transparent and operational procedure for vehicle registration that meets European standards

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	new procedure for vehicle registration.	contain a large number of unnecessary bureaucratic imperfect procedures as well as corruption factors			and contains no bureaucratic procedures and corruption factors
2	Improving the procedure for mandatory technical inspection by introducing mandatory photographing of this procedure followed by the transfer of data to the national database. Reducing the frequency of mandatory technical inspections for individual entities.	<p>Today, there are widespread cases of conducting fictitious procedures for mandatory technical inspection by business entities that adversely affects the general condition of traffic safety.</p> <p>For a number of business entities specializing in transportation of dangerous goods, the frequency of mandatory technical inspections does not meet European standards.</p>	Ministry of Internal Affairs	IV quarter	Fictitious mandatory technical inspection becomes impossible and the national legislation is brought in line with European standards.
3	The launch of mobile service centers.	The necessity to meet the needs of citizens living in remote areas and districts where there are no stationary territorial service centers for	Ministry of Internal Affairs	III quarter	Elimination for people living in remote areas and districts where there are no stationary territorial service centers of the inconvenience in obtaining the services provided by

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
		provision of services to them.			such centers.

Key further steps to be implemented in the medium term

The introduction of European standards and procedures for passing the exam to obtain driver's license, development and implementation of software that will tighten control over passing the exams and implement the procedure for passing exams online, modernization of facilities and resources involved in taking exams.

Development and adoption of regulations that will enable the transfer of authority to make decisions about the provision of services directly to administrators of front offices.

Taking organizational, legal and other measures to create the possibility for provision of a complex of electronic services.

V. 3. Reform of the system of State Emergency Service of Ukraine

Problem statement:

The system of response to emergencies and firefighting is economically inefficient as most of the activities are financed from the State Budget of Ukraine that under current economic conditions does not allow to maintain the required number of state firefighting and rescue units, to carry out proper staffing, logistical support, equipping, etc.

The current system of state supervision in the field of fire and technological safety leads to excessive regulatory influence of the state on business entities, decline in public confidence in the state fire supervision authorities, the bureaucratization of their activities. Observance of the outdated forms of regulation of safety through inspections by supervisory authorities can create conditions preventing the development and operation of business and attraction of foreign investment to Ukraine.

Due to the changes and reform of the state defense and security system, decentralization of power and the transfer of certain powers in the field of firefighting and response to emergencies from government agencies to local authorities, there is a need for reform of the system of State Emergency Service of Ukraine.

The available forces and means of the Operational Rescue Service of Civil Protection SES (hereinafter - OPSCP SES) are not always able to provide a timely response to fires and emergencies because of the remoteness of their location from the places of occurrence, and the restricted possibilities of creating efficient and effective grouping of forces to overcome the negative effects of large-scale emergencies, including in special period.

Outdated aircraft fleet and the lack of modern marine rescue vessels complicates the implementation of Ukraine's international commitments on conducting aeronautical and maritime search and rescue operations in Ukraine's area of responsibility for search and rescue.

During January-March 2016, in Ukraine there were registered 24 emergencies (in 2015 – 26), in the settlements and facilities of business entities there were 13,152 fires (by 20.7 % less than for the same period in 2015). 587 people (decrease by 19.5 %) were killed and 328 injured (decrease by 8.9 %) as a result of fires.

Material damage from fires totaled more than UAH 1 billion 31 million.

The logistics of OPSCP SES does not meet the requirements of time (about 80% of vehicles are in operation from 15 to 45 years).

Objective:

The introduction of modern European approaches in the field of protection of population and territories against emergencies, ensuring fire and technogenic safety and performance of state supervision (control) in the field of fire, technogenic safety and activities of emergency services. The development of measures to integrate Ukraine into the EU Civil Protection Mechanism as well as other European and global organizations on civil protection and humanitarian response to crises.

Targets for 2016:

- the implementation in Vinnytsia, Dnipropetrovsk, Donetsk, Lviv and Ternopil Oblasts of pilot projects on the organization of measures for civil protection of capable territorial communities and the formation of structural units of local governments for emergencies and civil protection. The time of arrival to the most remote settlements will be no more than 20 minutes after notification of a fire or emergency;
- additional equipping with fire and rescue equipment and special equipment of existing local and volunteer fire and rescue departments (fire departments) within the pilot projects, including at the expense of excess property and vehicles of the SES, local, national and international humanitarian programs;
- optimization and improvement of municipal (public) emergency services, formation of volunteerism, training of volunteers and their inclusion in the units of emergency and fire response forces;
- conducting scheduled inspections only of the entities with a high level of risk and public institutions

What has been done in the previous period:

- 38 regulations on the organization of a unified state system of civil protection have been developed and adopted by the Government.
- Key Action Plans of the Pilot Project concerning the organization of activities of civil protection of the population of united local communities formed according to the Law of Ukraine "On Voluntary Association of Territorial Communities" in Donetsk, Dnipropetrovsk and Ternopil Oblasts have been approved. Key Action Plans of the Pilot Projects in Vinnytsia and Lviv Oblasts are now being elaborated.
- 34 units of the local fire protection service have been created additionally (currently, in Ukraine there are 1201 units).

- A satellite communication system has been implemented, which provides operational control of forces and means of civil protection in everyday conditions and during emergency mitigation.
- 52 units of fire-rescue vehicles and one heavy duty pyrotechnic vehicle were received.

Sequence of steps to be done by the year's end to meet the objective:

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1	Drafting the order of the Cabinet of Ministers of Ukraine "On Approval of the Strategy for Reforming the State Emergency Service of Ukraine"	Pursuant to the National Security Strategy of Ukraine approved by the Decree of the President of Ukraine No. 287 of 26 May 2015, Military Doctrine of Ukraine approved by the Decree of the President of Ukraine No. 555 of 24 September 2015, the Concept of Development of the Security and Defense Sector of Ukraine approved by the Decree of the President of Ukraine No. 92 of 4 March 2016	State Emergency Service, executive and local authorities in Vinnytsia, Dnipropetrovsk, Donetsk, Lviv and Ternopil Oblasts	IV quarter	Ensuring an adequate level of public safety, protection of areas, economic facilities against threats of natural and man-made disaster; increasing the efficiency of functioning of the civil protection forces
2	Approval of the Key Action Plans of Pilot Projects concerning the organization of activities of civil protection of the population of united local communities formed according to the Law of Ukraine "On Voluntary Association of Territorial Communities" in	The introduction in Oblasts where pilot projects are implemented of new approaches to the organization and implementation of the civil protection measures by united local communities	State Emergency Service, local executive authorities and local governments in Vinnytsia and Lviv Oblasts	III quarter	The implementation of measures defined in Key Action Plans of Pilot Projects

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	Vinnytsia and Lviv Oblasts				
3	The implementation in Vinnytsia, Dnipropetrovsk, Donetsk, Lviv and Ternopil Oblasts of pilot projects on the organization of measures of civil protection of capable territorial communities.	The introduction in Oblasts where pilot projects are implemented of new approaches to the organization and implementation of the civil protection measures by united local communities	State Emergency Service, local executive authorities and local governments in Vinnytsia, Dnipropetrovsk, Donetsk, Lviv and Ternopil Oblasts	According to Key Action Plans of Pilot Projects	The approbation of new approaches to the organization and implementation of the civil protection measures by united local communities
4	Creating new and reforming existing local and volunteer fire and rescue units (fire departments) in the united territorial communities of Vinnytsia, Dnipropetrovsk, Donetsk, Lviv and Ternopil Oblasts taking into account the time of arrival to the most remote settlement of no more than 20 minutes after receiving the notification of fire or emergency	The transfer of functions on the organization and ensuring of fire fighting to local authorities	State Emergency Service, local executive authorities and local governments in Vinnytsia, Dnipropetrovsk, Donetsk, Lviv and Ternopil Oblasts	According to Key Action Plans of Pilot Projects	Ensuring fire protection in capable territorial communities
5	Additional equipping with fire and rescue equipment and special equipment of existing local and volunteer fire and rescue departments (fire departments) of the united	The transfer of functions on the organization and ensuring of fire fighting to local authorities	State Emergency Service, local executive authorities and local governments in Vinnytsia, Dnipropetrovsk, Donetsk, Lviv and Ternopil Oblasts	According to Key Action Plans of Pilot Projects	Ensuring fire protection in capable territorial communities

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	territorial communities of Vinnytsia, Dnipropetrovsk, Donetsk, Lviv and Ternopil Oblasts, including at the expense of excess property and vehicles of the SES, local, national and international humanitarian programs				
6	The transfer, in individual districts of Vinnytsia, Dnipropetrovsk, Donetsk, Lviv and Ternopil Oblasts, to local authorities, upon their approval, of state fire and rescue units of the SES in settlements where less than 25,000 people live, where there are no objects of increased danger or large-scale socially important objects, with assignment to them of the responsibility for the fire safety of settlements and territories.	The transfer of functions on the organization and ensuring of fire fighting to local authorities	State Emergency Service, local executive authorities and local governments in Vinnytsia, Dnipropetrovsk, Donetsk, Lviv and Ternopil Oblasts	According to Key Action Plans of Pilot Projects	Ensuring fire protection in capable territorial communities
7	Formation of the structural units of local authorities for emergencies and civil protection of population and territories (departments,	The improvement of civil protection measures organization by local executive authorities	State Emergency Service, local executive authorities and local governments in Vinnytsia, Dnipropetrovsk, Donetsk, Lviv and	IV quarter	The assignment of duties on civil protection measures organization to a specific structural unit

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	divisions and sectors within the executive bodies of united territorial communities of Vinnytsia, Dnipropetrovsk, Donetsk, Lviv and Ternopil Oblasts or assignment of such duties to one of the officials of the local government executive body)		Ternopil Oblasts		of local executive authorities on civil protection

Key further steps to be implemented in the medium term

Implementation of the measures approved during implementation of pilot projects on the organization of civil protection measures of capable territorial communities in Vinnytsia, Dnipropetrovsk, Donetsk, Lviv and Ternopil Oblasts, in other regions of Ukraine. Reform of state fire and rescue and emergency units of the SES. Creating and ensuring further expansion of facilities and resources of civil protection forces and their technical upgrading through national, regional and local programs, attraction of international technical assistance. The introduction of technogenic and fire safety management system based on risk-based approach and European standards for evaluating and analyzing the risks of fire and technogenic safety of business entities. Enhancing international cooperation and intensifying the processes of SES integration into the European Union Civil Protection Mechanism.

V. 4. Extending the access to free legal aid and improving its quality

Problem statement:

Big portion of the population, and especially its vulnerable segments, have a low level of legal awareness of the possibilities to solve their problems in a legal way or just physically not able to exercise this right. This maintains the traditions of solving legal issues in the illegal way and stimulates the emergence of corruption phenomena.

As a result of the temporary occupation of the part of Ukrainian territory by Russian Federation, new vulnerable groups are formed (in particular, internally displaced persons, persons applying for obtaining a status of ATO participant) with a significant need for free secondary legal aid (hereinafter – FSLA). But under the current legislation they are not entitled to receive it.

If over the second half of 2015, the number of clients who applied to local centers for legal aid was 38,461 persons, so now only over the first quarter of this year the number of such persons is 39,532. FSLA in civil and administrative cases was provided over these periods in 8,876 and 8,000 cases respectively.

Objective:

Ensuring and extending public access to high-quality free primary and secondary legal aid according to existing needs throughout Ukraine. Creation of new access points to free legal aid (legal aid bureaus) and expanding the list of persons who have the right and possibility to receive it; a significant increase in the legal capacity of territorial communities and in the level of legal awareness of citizens; reducing corruption at the mundane level.

Targets for 2016:

- The number of processed requests from clients to local centers – 200,000.
- The number of calls to the Single Contact Center processed by operator – 80,000.
- The number of FSLA provision acts processed by local centers from lawyers – 290,000.
- The number of visits by mobile and operating remote access points to free legal aid – 2,400.
- The number of criminal proceedings in respect of which regional centers have monitored the quality of FSLA – 12,150.
- The number of local authorities, which were provided with methodological support, and the number of FPLA providers (NGOs, voluntary movements, legal persons of private law), with which a cooperation has been established for the provision of FLA – 5,400.
- The number of cases of FSLA provision by lawyers – 105,000.
- The number of cases of representation in court by the employees of centers – 9,400.

What has been done in the previous period:

In 2014, regional centers for provision of free secondary legal aid issued 65,979 orders to lawyers for the provision of legal aid in criminal proceedings.

In 2015, regional centers issued 75,112 orders to lawyers for the provision of legal aid in criminal proceedings and, after the formation from 1 July 2015 of 100 local centers organizing the provision of FSLA in civil and administrative cases, 38,461 customer appeals have been processed and 8,876 orders have been issued in civil and administrative cases.

In the II quarter of 2016, 586 territorial bodies of the Ministry of Justice were liquidated at the district and city levels; measures are being taken on creation in regional centers and cities of regional importance of nearly 400 legal aid bureaus, which will perform the following functions: raising legal awareness at the level of territorial communities; providing free primary legal aid (legal advice); ensuring access to free secondary legal aid; representation of clients in court, preparation of procedural documents; providing access to electronic services of the Ministry of Justice.

Sequence of steps to be done by the year's end to meet the objective:

No.	Steps	Explanation, justification	Responsible	Time frame	What the implementation of this step will result in
1	Formation of around 400 legal aid bureaus in the structure of local centers for free secondary legal aid in raions	Local centers cover only 20% of the cities of raion subordination, so the majority of citizens does not have access to high-quality legal services or are not able to use public	Ministry of Justice (Coordination Center for Free Legal Aid)	III quarter of 2016	Increasing the level of availability of legal information and advice, as well as the protection and representation in court – for the

No.	Steps	Explanation, justification	Responsible	Time frame	What the implementation of this step will result in
	and cities of oblast subordination	electronic services due to lack of access points			representatives of vulnerable social groups, accessibility of public services provided online
2	Formation and support of five inter-regional legal education resource and communication platforms in the cities of Kyiv, Dnipropetrovsk, Lviv, Odesa and Kharkiv	The low level of legal culture in territorial communities, traditions of solving legal issues in illegal way that stimulates the emergence of corruption phenomena		IV quarter of 2016	Increasing real opportunities for the citizens to exercise their rights and prevention of corruption at the mundane level
3	Conducting wide advocacy campaign for the communities and the relevant local authorities regarding the obligation of such authorities to ensure access to free primary legal aid in every community			Within a year	
4	Extending access to FSLA (making amendments to the Law of Ukraine "On Legal Aid")	Lack of access to free secondary legal aid for internally displaced persons, persons applying for obtaining a status of ATO participant; unjust low-income criterion is set in the law for entitlement to such aid	Ministry of Justice (Coordination Center for Free Legal Aid)	Within a year	Extending access to secondary legal aid for combatants, internally displaced persons, representatives of other vulnerable social groups
5	Establishing a fair amount of remuneration paid to lawyers who provide FSLA	Low level of remuneration paid to lawyers who provide FSLA demotivates lawyers to participate in this social project	Ministry of Justice (Coordination Center for Free Legal Aid)	II quarter of 2016	Improving the quality of free secondary legal aid provision

Key further steps to be implemented in the medium term:

To ensure the transition to a mixed model of free secondary legal aid provision: To exercise protection in criminal cases and representation in court both by lawyers working in FLA system and by full-time attorneys and lawyers of FSLA centers. To establish an effective system of education and advanced training, spreading of best practices and experience sharing for employees of FLA system, related institutions, law enforcement agencies, judiciary bodies, lawyers, non-governmental organizations, volunteer movements, representatives of local self-government authorities. To ensure constant monitoring of the legal needs of citizens, the functioning and regular updating of public database of electronic consultations on legal issues. To ensure a systematic work for the involvement of local self-government authorities, non-governmental organizations, volunteer movements in the provision of free primary legal aid.

V. 5. Reform of the system of enforcement of court decisions and other authorities (officials)

Problem statement:

Failure to provide timely and proper enforcement of court decisions is one of the most pressing issues in the sphere of legal proceedings. It is this issue that is raised in most of complaints against Ukraine, which are submitted to the European Court of Human Rights. Failure to enforce court decisions adversely affects the authority of the judicial power, as in such a case the aim of justice is not achieved – protection of interests of citizens and the real restoration of their violated rights.

In 2014, 59.1% enforcement proceedings that were in the enforcement have been completed, of which 20.5% were completed due to complete actual enforcement of court decision. 35.1 % of the funds that were subject to recovery have been recovered, of which only 2.8 % due to complete actual enforcement In 2015, 60.8% enforcement proceedings that were in the enforcement have been completed, of which 19.5% were completed due to complete actual enforcement of court decision. 20.5% of the funds that were subject to recovery have been recovered, of which only 4.3% due to actual enforcement

Objective:

Creating a mixed system of decisions enforcement – the introduction of decisions enforcement by the state and private enforcement officers and improving enforcement procedures.

Targets for 2016:

- increase in the percentage of actually enforced decisions;
- reducing the time of decisions enforcement;
- gradual reduction of state budget expenditures for the maintenance of the state enforcement service and for the procedure of enforcement proceedings;
- creation of new jobs (private enforcement officers, their assistants).

What has been done in the previous period:

On 14.08.2015 the President of Ukraine submitted the following draft laws of Ukraine to the Parliament as urgent: "On the Bodies and Persons engaged in the Enforcement of Court Decisions and Decisions of Other Bodies" (Reg. No. 2506a), "On Enforcement Proceedings" (Reg. No. 2507a), "On Amendments to the Tax Code of Ukraine (concerning private enforcement officers)" (Reg. No. 2508a).

On 08.10.2015 the draft laws under Reg. No. 2506a and 2507a 08.10.2015 have been included in the agenda of the plenary session of the Verkhovna Rada of Ukraine on 21.04.2016 for their consideration in second reading.

Sequence of steps to be done by the year's end:

No.	Steps	Explanation, justification	Responsible agencies	Time frame (quarter)	What the implementation of this step will result in
1.	Composition of the interim qualification commission of private enforcement officers and the interim disciplinary commission of private enforcement officers	The requirement of draft law No. 2506a to create bodies that will carry out the selection of candidates for private enforcement officers and decide on the issues of bringing private enforcement officers to disciplinary responsibility	Ministry of Justice	3 months from the date of entry into force of the Law	To make a first selection of candidates for private enforcement officers, to create a mechanism for disciplinary responsibility of private enforcement officers in the transition period
2.	Creating a system of training the persons wishing to act as private enforcement officers	The requirement of draft law No. 2506a to train candidates for private enforcement officers	Ministry of Justice	3 days from the date of entry into force of the Law	To provide training for the candidates for private enforcement officers
3.	Conducting examinations for the candidates for private enforcement officers	The requirement of draft law No. 2506a to introduce anonymous testing of candidates for private enforcement officers	Ministry of Justice	3 to 6 months from the date of entry into force of the Law	To ensure a transparent selection of candidates for private enforcement officers through anonymous automated testing
4.	Organization of the founding congresses of private enforcement officers of regions	The requirement of draft law No. 2506a to establish a system of professional self-government of private enforcement officers	Ministry of Justice	6 to 12 months from the date of entry into force of the Law	Composition of the councils of private enforcement officers of regions followed by the establishment of the Association of Private Enforcement Officers of Ukraine as a body of professional self-government of private enforcement officers

No.	Steps	Explanation, justification	Responsible agencies	Time frame (quarter)	What the implementation of this step will result in
5.	Development of the software for automated enforcement proceedings system, the Unified Register of Debtors	The requirement of draft law No. 2507a concerning the automation of enforcement proceedings	Ministry of Justice	3 months from the date of entry into force of the Law	Ensuring transparency of decision-making by enforcement officers, access by parties to information about enforcement actions committed, preventing the possibility of debtors to alienate their property

Key further steps to be implemented in the medium term

Introduction to the Parliament of the draft law on amendments to the Tax Code of Ukraine and the Budget Code of Ukraine in connection with the introduction of private enforcement officers institution.

V. 6. Reform of the penitentiary system of Ukraine

Problem statement:

The State Penitentiary Service of Ukraine is a closed militarized system that focuses more on the isolation of detainees and prisoners, not to their correction and return to a productive life.

On the one hand, the system chronically receives less money than what is due from the state for major repairs of the existing and construction of new facilities, which leads, in particular, to improper detention conditions in pre-trial detention centers (hereinafter - PTDC). On the other hand, most penitentiary facilities (hereinafter - PF) are underfilled, have excessive staff, and the enterprises working with the facilities are loss-making. The labour of facility staff and prisoners working at the enterprises is remunerate at an unacceptably low level.

The current level of PTDC and PF occupancy is 70 thousand of detainees and prisoners that is 63% (112.000 of places). About 32,000 employees work within the system: in the central office – 294, 24 regional offices – 1 342, in 145 PFs and PTDCs – 30,577. Payroll per employee of PF and PTDC is UAH 3,243 per month.

The number of prisoners engaged in work at the enterprises is 9,342 (17 % of the total number and 50 % of able-bodied). Payroll per working prisoner is UAH 414 per month.

Objective:

To build a new penitentiary system in Ukraine through the liquidation of the State Penitentiary Service of Ukraine (hereinafter - SPS) and the transfer of its powers and functions to the Ministry of Justice. This will help involve new people through open competitive tenders, demilitarize the system and raise wages and salaries.

Optimizing the network PFs and PTDCs in proportion to their level of occupancy will enable to reduce a significant number of staff and increase salaries to those who will remain to work in the system.

Increasing the operational efficiency (reducing losses and increasing revenues) of 100 state-owned enterprises in the system of SPS will enable to raise wages to prisoners and their motivation to gain the skills, increase government revenues from paying taxes.

Start of construction of new PTDCs and PFs in major cities of Ukraine under the investment scheme or on credit basis. Moving the PTDCs and PFs outside the cities (the first cities: Kyiv, Odesa, Lviv, Chernivtsi).

Targets for 2016:

- Reducing the number of central office staff by 33 % (to 200), regional offices by 45 % (to 730 persons)
- Involving new people in the system – not less than 20% in the central office and inter-regional directorates.
- Increasing the average salary of employees of PTDCs and PFs by 33 % (to UAH 4.311) on account of the abovementioned reduction.
- Increasing the average wages to prisoners who work at state enterprises to the subsistence level (UAH 1,368).

What has been done in the previous period:

On 7 October 2015, the Government adopted an order No. 1066-p "Certain Issues Concerning the Reform of the System of Functioning of Penitentiary Facilities and Pre-Trial Detention Centers".

In February 2016, the concept of reform of the penitentiary system of Ukraine has been presented.

The main areas of reform have been elaborated, namely the following algorithms have been prepared: concerning liquidation of the SPS and the transfer of its functions to the Ministry of Justice; PF and PTDC network optimization in line with European standards; implementation of the project on construction of a new PTDC in Kyiv; establishment of a single production enterprise instead of the existing 100 unprofitable state enterprises; optimizing the network of medical institutions and establishing an independent system of penitentiary medicine.

Sequence of steps to be done by the year's end to meet the objective:

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1.	Liquidation of the SPS, creation of a new inter-regional structure consisting of	Reducing central office by 100 units, demilitarization of the system, reduction by 45% of staff positions in territorial offices; increasing salaries for employees.	Ministry of Justice, Ministry of Finance	III quarter	Building of a new penitentiary system, the employees of which will be better motivated.

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	five departments instead of the existing 24, increasing employee motivation				
2.	Reducing the number of PFs to economically feasible level.	The current level of PFs occupancy is only 63%. To save state funds for their maintenance some of the PFs will be mothballed.	Ministry of Justice, Ministry of Finance	III quarter	The number of facilities will be reduced from 145 to 113, target occupancy rate is 80%.

Key further steps to be implemented in the medium term:

The introduction of European standards of maintenance and re-socialization of detainees and prisoners, observance of European standards in the sphere of human rights.

V. 7. Anti-corruption reform

Problem statement:

2015 was the year of the formation of a fairly strong legal and institutional infrastructure in the field of preventing and combating corruption – many important laws were adopted, the formation of specialized anti-corruption institutions was initiated. But these processes slightly affected the perception of corruption in the society, because they have not yet provided a qualitative change in the life of an individual or a businessman/investor. Therefore, 2016 should be the year when the laws and institutions start operating effectively and demonstrate real results that will be seen and understood by the public.

According to Corruption Perception Index (CPI) over 2015 Ukraine has shown a slight positive trend compared to the previous year, gaining 27 points (26 – last year) of a possible 100 and rising by 12 positions (130th place) in the global ranking of 167 countries. Of course, this result cannot be considered satisfactory for Ukraine, taking into account the priority of fighting corruption on the agenda of all political parties after the victory of the Revolution of Dignity two years ago and the high expectations of the society and international partners.

Objective:

According to the logic model (passport) of the anti-corruption reform formed by the efforts of the Reform Task Team at the Ministry of Justice of Ukraine, the ultimate goal of implementing anti-corruption reform in 5-7 years is a reduction of corruption level to the one that would not create a risk to national security and impede a sustainable economic development. To achieve

this goal, it is necessary to implement a number of interim strategic and operational objectives and fulfill a large number of specific tasks.

In particular, the strategic objectives are divided into three: 1) ensuring the transparency and accountability in order to eliminate or minimize corruption risks, 2) ensuring the inevitability of responsibility for corruption and 3) the development of "zero tolerance" to corruption in society.

Establishment and effective functioning of the National Agency for Prevention of Corruption will reduce corruption risks, including by improving the transparency and accountability of public officials and political parties. Launching electronic declaration system is one of the main challenges in preventing corruption for 2016.

The investigation and punishment of officials for committing corruption crimes that are not subject to the jurisdiction of NABU will be carried out by the State Bureau of Investigation. In order to effectively start the process of returning stolen assets the National Agency of Ukraine for Investigation, Detection and Management of Assets derived from Corruption and other Crimes will be formed.

Targets for 2016

Ensuring the unimpaired functioning of the newly formed bodies for preventing and combating corruption

What has been done in the previous period

- October 2014: The Law of Ukraine "On Prevention of Corruption" has been signed, which provides for the formation of a separate independent preventive anti-corruption body – the National Agency for Prevention of Corruption (central executive body with special status).
- March 2015: A resolution of the Cabinet of Ministers of Ukraine has been adopted, which provides for the establishment of the National Agency of Ukraine for Prevention of Corruption, and the acts of the Cabinet of Ministers of Ukraine have been adopted concerning the competitive tender for the selection of Agency's members.
- April 2015: The Government approved the State Program on Implementation of Anti-Corruption Strategy for 2015-2017, which describes the main tasks within the implementation of anti-corruption reform for three years, responsible persons and time frames. The draft program was discussed with the public, received a positive evaluation from experts and international organizations.
- November 2015: The Law of Ukraine " On Amendments to Certain Legislative Acts of Ukraine on Preventing and Combating Political Corruption" has been signed, which provides for the introduction of a direct state funding of political parties starting from 2017. The draft law defines the criteria by which parties receive funding from the state budget, the relevant items of expenditures, and establishes maximum levels of annual contributions to parties from businesses and individuals.
- December 2015: The Law of Ukraine "On the National Agency of Ukraine for Investigation, Detection and Management of Assets derived from Corruption and other Crimes" has been signed. The law provides for the mechanism of tracing assets that are subject to seizure, their return and management of seized assets, as well as determining the legal basis for the organization and operation of a separate independent body responsible for such activities. According the Law a central executive body with special status shall be formed – the National Agency of Ukraine for Investigation, Detection and Management of Assets derived from Corruption and other Crimes – a compact, highly qualified body with broad powers,

high guarantees of independence and at the same time with a sufficient number of control mechanisms on the part of professionals and the public, specially authorized for the detection, investigation and management of criminal assets.

- January 2016: The Law of Ukraine " On the State Bureau of Investigation" has been signed. State Bureau of Investigation is a central executive authority that carries out law enforcement activities to prevent, detect, suspend, clearance and investigation of crimes, including those associated with corruption, which belong to its competence.
- March 2016: The Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine concerning the Peculiarities of Submission by Officials of Declarations of Property, Income, Expenses and Financial Liabilities in 2016" has been adopted with the President's proposals and taking into account the position of the EU. Pursuant to the Law, officials are obliged to declare the property within 60 days after introduction of the new declaration system.
- March 2016: Following the result of a competitive tender for additional selection of two members of the National Agency for Prevention of Corruption (NAPC) announced in December 2015, the tender committee elected two members of the authority in addition to the two elected before. Thus, the Agency has been able to start its activities. The first official meeting of NAPC members has been held, in which the Chairman of the National Agency has been elected and a plan of urgent organizational measures aimed at starting the activities of this body has been approved.

Sequence of steps to be done by the year's end to meet the objective:

Establishment and ensuring effective functioning of the National Agency of Ukraine for Prevention of Corruption (NAPC):

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1	Logistical support of NAPC's activities, which is required to start its operation	Ensuring the effectiveness of performance of the important functions of the Agency	Ministry of Finance, NAPC	2nd quarter	Introducing the systems of electronic declaration and control over financing of election campaigns and activities of political parties already in 2016
2	Composition of NAPC's office required to perform the functions of the Agency	Availability of a sufficient number of qualified personnel	NAPC	2nd quarter	Performance of the Agency's functions at a high quality level and to the necessary extent
3	Providing NAPC with access to databases of public authorities, authorities of the Autonomous Republic of Crimea, local self-	Availability of quick access to information required to perform the Agency's functions	NAPC, relevant public authorities	3rd quarter	Performance of the Agency's functions at a high quality level and to the necessary extent

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	government authorities				
4	Approval and publication of a new form of filing declarations of persons authorized to perform the functions of state or local government in electronic format	Providing a legal basis for the functioning of electronic declaration system	NAPC	2nd quarter	The introduction of electronic declaration of property by civil servants
5	Development and launch of a supervision system concerning setting the limits and ensuring transparency and accountability in the funding of political parties and election campaigns, the introduction of direct public funding of political parties	Creating mechanisms for monitoring and controlling the financing of political parties and election campaigns	NAPC	3rd quarter	Introducing the system for monitoring the financing of political parties and election campaigns

Creation and provision of an effective mechanism for identifying, tracing and management of assets derived from corruption and other crimes:

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1	Holding a competitive tender for the election of the Head of the National Agency of Ukraine for Investigation, Detection and Management of	Availability of management to start the Agency's activities	National Agency of Ukraine on Civil Service, Secretariat of the CMU, Ministry of Justice, Ministry of Finance, State	3rd quarter	Forming the structure of the Agency and start of personnel recruitment

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	Assets derived from Corruption and other Crimes (Agency)		Financial Monitoring Service of Ukraine involving the Verkhovna Rada of Ukraine, NBU, GPO		
2	Composition of staff necessary for the effective performance of the functions of the National Agency of Ukraine for Investigation, Detection and Management of Assets derived from Corruption and other Crimes	Availability of a sufficient number of qualified personnel	Agency	3rd quarter	Performance of the Agency's functions at a high quality level and to the necessary extent
3	The development and launch of the Unified State Register of assets that are seized in criminal proceedings	Creating an electronic database in the appropriate format required for accounting and control of seized assets	Agency	4th quarter	Availability of resources for effective accounting and control of seized assets

Establishment and ensuring effective functioning of the State Bureau of Investigation (SBI):

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1	Holding a competitive tender for the election of SBI Director and his Deputies	Availability of management to start the Agency's activities	National Agency of Ukraine on Civil Service, CMU, Ministry of Justice	3rd quarter	Forming the structure of the Bureau and start of personnel recruitment
2	Composition of staff necessary for the effective performance of	Availability of a sufficient number of qualified personnel	SBI	4th quarter	Performance of the Agency's functions at a high quality level and to the necessary

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	SBI's functions				extent
3	The development and approval by the Cabinet of Ministers of Ukraine of draft legal acts necessary for the start of activities of the State Bureau of Investigation	Eliminating gaps and contradictions in the legal framework to ensure the effective functioning of the Bureau	Ministry of Justice, Ministry of Internal Affairs involving NABU and GPO	3rd quarter	Efficient functioning of the Bureau

Key further steps to be implemented in the medium term

Ensuring the independence and financial viability of the specialized anti-corruption institutions.

VI. PROTECTION OF THE SOVEREIGNTY OF UKRAINE AND INTERNATIONAL POLICY

VI. 1. Completion of the development of defense planning documents

Problem statement:

Under conditions of military aggression it is extremely important to ensure the adequate level of defense capability of the state by justifying the development prospects of the Armed Forces of Ukraine and other military formations taking into account the nature of real and potential threats in the military sphere and the economic capabilities of the state.

Objective:

By the results of the defense review, to approve (issue) conceptual and program documents of defense planning.

Targets for 2016:

- To approve the Strategic Defense Bulletin of Ukraine;
- To approve the State Program for Development of the Armed Forces;
- To ensure the implementation of measures under the State Program for Development of the Armed Forces;
- To ensure the implementation of measures of the State Target Program for the Development of Armaments and Military Equipment for the Period until 2020.

What has been done in the previous period:

The National Security Strategy of Ukraine (Decree of the President of Ukraine No. 287 of 26.05.2015), the Military Doctrine of Ukraine (Decree of the President of Ukraine No. 555 of 24.09.2015) and the Concept of Development of the Security and Defense Sector of Ukraine (Decree of the President of Ukraine No. 92 of 14.03.2016), the State Target Program for the Development of Armaments and Military Equipment for the Period until 2020 (Resolution of the Cabinet of Ministers of Ukraine No. 284-6 of 30.03.2016) have been approved.

Sequence of steps to be done by the year's end:

No.	Steps	Explanation, Justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1	Consideration of Strategic Defense Bulletin by the National Security and Defense Council of Ukraine (NSDCU)	Determined by the Decree of the President of Ukraine of 14.03.2016 No. 92	Office of NSDCU Ministry of Defence central executive authorities	II quarter	It will ensure the resolution of issue concerning the development of the Armed Forces of Ukraine and
2	Consideration of Strategic Defense Bulletin by the		Cabinet of Ministers of Ukraine	II quarter	

No.	Steps	Explanation, Justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	Government		Ministry of Defence central executive authorities		other components of the defense forces
3	Completing the development of the State Program for Development of Armed Forces		Ministry of Defence central executive authorities	II - III quarter	It will ensure the resolution of issue concerning the development of the Armed Forces of Ukraine for the period until 2020
4	Consideration of the State Program for Development of Armed Forces by the Government		Cabinet of Ministers of Ukraine Ministry of Defence	III quarter	
5	Consideration of the State Program for Development of Armed Forces by the NSDCU		Office NSDCU Ministry of Defence	III quarter	

Key further steps to be implemented in the medium term:

The introduction of amendments to the laws of Ukraine on improving the defense planning – during 2016.

Transition to the formation of the state defense order for three years with an annual refinement of its performance figures.

Development and adjustment of the state target defense programs – by the end of 2016.

Elaboration of draft laws and by-laws in accordance with the requirements of the Strategic Defense Bulletin of Ukraine – during 2016 – 2020.

VI. 2. Reform of the Armed Forces and military command bodies based on the principles and values that are used in member states of NATO in accordance with the Strategic Defence Bulletin (the Roadmap on Reforming the Ministry of Defence and the Armed Forces of Ukraine)

Problem statement:

The depth and complexity of the problems accumulated in the field of defence demand the formation of a qualitatively new state policy. Considering the challenges facing Ukraine because of the Russian aggression and a permanent threat of its escalation it is necessary to continue strengthening the country's defence capability and to continue reforming the Armed Forces based on the principles and values that are applied in the member states of NATO.

Objective:

To ensure the transition of the Ministry of Defence to the new organizational and staff structure, to staff the structural subdivisions of the Ministry of Defence with most trained personnel, to ensure the acquirement of capabilities for the performance of tasks of the military and political management of the Armed Forces. To continue restructuring the Armed Forces of Ukraine approximating their structure to NATO standards.

Targets for 2016:

To perform basic measures on reforming the Ministry of Defence – by the end of 2016.

What has been done in the previous period:

The increase in combat capabilities of the Armed Forces of Ukraine is taking place by equipping with upgraded and new types of armaments and military equipment.

A Committee on Reforming the Ministry of Defence of Ukraine and the Armed Forces of Ukraine has been established. New organizational and staff structure of the Ministry of Defence of Ukraine has been approved.

The introduced system of electronic procurement has enabled acceleration of tender procedures and saving significant state funds.

Key further steps to be implemented in the medium term:

- *The development and introduction of clear and understandable conceptual, doctrinal and informative documents that will improve the decision-making processes at all levels of management;*
- Modernization of promising and development of new types of armaments, military equipment, missiles and ammunition and deployment of their production in cooperation with the member states of NATO;
- The introduction of a modern system and technology for comprehensive support of troops (forces), an automated system of control and accounting of weapons and military equipment, military and technical property, missiles and ammunition and logistical means;
- Creating a single efficient logistics and supply system for Defence Forces

VI. 3. Updating approaches to integration with NATO**Problem statement:**

There is a need to form appropriate political and institutional framework, the necessary climate and confidence to start the process of real and result-oriented Ukraine's integration into Euro-Atlantic security space.

Annual National Programs is the basic format of cooperation between Ukraine and the North Atlantic Treaty Organization (NATO). The Program for 2015 contained 225 actions,

of which: 168 – completed (74.6 %); 44 – under completion (19.5 %); 13 – not completed due to objective reasons (5.9%).

In 2015, more than 40 executive authorities, state authorities, public organizations and associations were involved in the implementation of ANP (16 – ministries, 12 – services, 5 – agencies, 2 – inspectorates, 11 – other institutions and bodies, NGOs – 2).

Objective:

Annual National Programs should finally transform from a set of actions into the strategic document aimed at preparing Ukraine for membership in NATO.

In Ukraine, there must be established an adequate system of coordination of cooperation with NATO.

Targets for 2016:

Effective implementation of the Annual National Program

What has been done in the previous period:

Over the past year a number of other support mechanisms have been launched jointly with NATO. The practical phase of implementation of a number of NATO's trust funds in support of Ukraine has begun.

As part of preparation for the Warsaw NATO Summit, 8-9 July 2016, a preparation of the "Comprehensive package of support for Ukraine" has begun, which is aimed at supporting defense reform in our state. The existing initiatives will be systematized and some new ones will be started within this Package.

Sequence of steps to be done by the year's end:

	Steps	Explanation, justification	Responsible	Time frame	What the implementation of this step will result in
	In replacement of the Decree of the President of Ukraine No. 328/2013 of 12 June 2013 "On the Annual National Programs on Ukraine – NATO Cooperation" to issue a new Decree, which shall determine the Procedure for Development and Evaluation of ANP Implementation.	ANP should become a program of reforms and not just a list of actions of bilateral cooperation.	Ministry of Foreign Affairs, central executive authorities involved	II quarter	To bring the document in terms of approaches, content and time frames into conformity with modern philosophy and calendar plan of our cooperation with NATO.
	To approve Draft Decree of the	The coordination system is not	Ministry of Foreign Affairs,	II quarter	Start the work of the Commission on

	President of Ukraine "On National Coordinating System of Ukraine's Cooperation with NATO" To adopt a Resolution of the Cabinet of Ministers of Ukraine on establishment of the Commission for Coordination of Ukraine's cooperation with NATO headed by Vice-Prime Minister for European and Euro-Atlantic Integration Ivanna Klympush-Tsintsadze.	functioning for more than 2 years.	public authorities involved		Coordination of Cooperation with NATO.
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Key further steps to be implemented in the medium term

The Commission on Coordination of Cooperation of Ukraine should become a permanent body of coordination, monitoring the effective performance of tasks to ensure the progress of the state in the field of readiness for membership in NATO, implementing the procedures and standards of NATO.

VI. 4. Development of the National Guard of Ukraine towards improving the efficiency of performing the tasks of ensuring the national security and defense of Ukraine defined in the basic documents of strategic planning of national security and defense of Ukraine

Problem statement:

Strategic planning documents approved by Decree of the President of Ukraine at the end of 2015 set a number of perspective tasks for the National Guard and determine that its development should be aimed at increasing the capabilities to ensure public safety, physical protection of critical infrastructure facilities, participation in the protection and defense of the state border of Ukraine, as well as support of operations of the Armed Forces of Ukraine in crisis situations that threaten national security, and in the special period.

Considering the above, the priority of the National Guard of Ukraine is to ensure its development towards improving the efficiency of performing the tasks of ensuring the national security and defense of Ukraine defined in the basic documents of strategic planning of national security and defense of Ukraine.

As of today, the National Guard of Ukraine is staffed with: personnel – 84%; armaments – 90%; military equipment: motor vehicles – 96%, armoured vehicles – 50%, aircraft – 65%.

The forces and means comprise almost 40 thousand servicemen and officers; nearly 570 units of armored vehicles and 5 thousand units of motor vehicles, 4 aircraft and 5 helicopters are used. More than 139 thousand units of small arms and grenade launchers, more than 120 units of missile and antitank complexes, almost 200 units of anti-aircraft weapons and air defense systems, 150 units of artillery weapons are in service

Objective:

The main objective of the development of the National Guard of Ukraine is the creation within its structure of the operational military units able to perform a wide range of law enforcement tasks that threaten national security in conjunction with other components of the security sector.

The objective of development will be achieved as follows:

by the end of 2016 – development of the State Program for the Development of the National Guard of Ukraine until 2020 that will combine the basic principles, areas of building and development of the National Guard of Ukraine as part of the security and defense sector of Ukraine and the attainment of target quality indicators on the volume of purchases and modernization of weapons designated for the National Guard of Ukraine by the State Target Program for the Development of Weapons and Military Equipment for the Period until 2020;

in the medium term – gradual raising the necessary capabilities of the National Guard to perform the tasks of maintaining public safety, physical protection of critical infrastructure facilities, participation in the protection and defense of the state border of Ukraine, as well as supporting the operations of the Armed Forces of Ukraine in crisis situations that threaten national security and in special period, rational use of existing capabilities and resources of the state, creation within its structure of the new units able to perform a wide range of law enforcement tasks and to respond effectively to crisis situations that threaten national security in conjunction with other components of the security sector.

Targets for 2016:

Target quantitative indicators of the development of the National Guard and assessment of financial resources to achieve them will be outlined in the State Program for the Development of the National Guard of Ukraine until 2020. The indicators of development of weapons and military equipment of the National Guard are detailed in the State Target Program for the Development of Weapons and Military Equipment for the Period until 2020 approved by the Resolution of the Cabinet of Ministers of Ukraine No. 284-6 of 30.03.2016. In particular, the Resolution provides for the financing by the Cabinet of Ministers of Ukraine of measures aimed at development of the National Guard in the amount of UAH 1.6 million by the end of 2016.

Implementation of the planned measures will provide annual increase in payroll strength by 4,000 of professional soldiers that will allow by the end of 2020 to bring the strength of the National Guard to 60,000 persons ready for combat missions. It is also planned to achieve increase in overall support and available quantity of weapons and military equipment.

Comprehensive implementation of the state programs of development will provide for unconditional achievement by the National Guard of Ukraine of full capacity to perform the functions assigned to it by law, and further development in line with European standards, it will bring the level of combat and logistic support closer to the requirements of the countries in the

Euro-Atlantic region and will enable to perform joint tasks in cooperation with NATO countries, including as part of the international (multinational) police and peacekeeping forces.

Key measures to develop the National Guard of Ukraine that were implemented in the previous period (2014), and their results

in the course of 2014:

Regulation on the Main Military Authority of the National Guard of Ukraine has been approved by the Decree of the President of Ukraine No. 346/2014 of 28 March 2014. Regulation on the Military Authority of the Operational and Territorial Organization of the National Guard of Ukraine has been approved by the Orders of the Ministry of Internal Affairs of Ukraine and the Regulations on the Military Troops and Units of the National Guard of Ukraine according to their functional purpose have been enacted.

New units have formed by staffing the National Guard of Ukraine with persons subject to military service who are serving in the military reserve and with servicemen under mobilization. The above units were first employed in combat missions in the area of anti-terrorist operation.

The creation of operational units and activities to increase combat readiness of special units have been started within the National Guard of Ukraine.

in the course of 2015:

The National Guard of Ukraine resumed cooperation with the NATO Liaison Office in Ukraine within Forces Planning and Review Process as a mechanism of defense planning; a new package of Partnership Goals for the National Guard of Ukraine in the context of the further reform of the security and defense sector of Ukraine has been developed.

The units of the National Guard of Ukraine took part in joint Ukrainian-American exercises Fearless Guardian 2015. During the exercises 60 instructors were trained and changes have been made to systemic approaches to combat and special training of personnel according to the experience and knowledge gained.

An operational brigade has been deployed in Hostomel the organizational and staffing model of which is based on the European standards. Modern approaches to the selection of personnel have been initiated and new standards to prepare units for future combat missions have been introduced.

Since the beginning of 2016: the Resolution of the Cabinet of Ministers of Ukraine No. 284-6 of 30 March 2016 approved and enacted the State Target Program for the Development of Armaments and Military Equipment for the Period until 2020, which includes the needs of the National Guard of Ukraine for the development, procurement and modernization of armaments and military equipment.

Sequence of steps to be done by the year's end

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1.	Development of the Concept of the State Program for the Development of the National Guard of Ukraine	Making a decision on drafting the State Program for the Development of the NGU for the Period until 2020, determining state customer and the term of its development will	Ministry of Internal Affairs (Main Department of the NGU)	in the course of II quarter	Order of the Cabinet of Ministers of Ukraine on Approval of the Concept of the State Program for the Development of the National Guard of Ukraine

No.	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
		create the necessary conditions for sustainable development of the NGU until 2020			for the Period until 2020
2.	Preparation of draft documents of the State Program for the Development of the NGU	The following is determined: objective of the program; ways and means to solve problems; tasks and measures; expected results, program effectiveness; amounts and sources of financing	Ministry of Internal Affairs (Main Department of the NGU)	in the course of III quarter	1. Passport. 2. Draft Program. 3. Draft Resolution of the Cabinet of Ministers of Ukraine on Approval of the State Program for the Development of the NGU for the Period until 2020. 4. Proposals for inclusion of program activities to the relevant budget programs

Key further steps to be implemented in the medium term

By the end of 2020:

enhancing the NGU's combat power and its level of readiness to perform assigned tasks;

improvement of military command in accordance with the command structure of similar forces in the EU and NATO countries, taking into account the specifics of the NGU's activities;

improvement of personnel selection in accordance with NATO standards;

development of a system of combat and special training of personnel by introducing comprehensive training to perform assigned tasks, achievement of NATO standards in terms of combat training;

acquisition and introductions of modern means to train personnel and units (MILES combat simulation systems or similar, etc.);

improving the system of security and defense of critical state facilities (nuclear facilities) by NGU units with the involvement of international expertise and in accordance with international standards;

completion of forming all components of logistics system (technical and logistics support), which would prevent corruption in security forces according to NATO standards;

equipping military units and troops with upgraded and new armaments, military and special equipment and special equipment tailored to the needs and priorities set;

filling the contingency reserve with the required number of material and technical means for the supply to wartime units according to the staffing and authorized applicability;

improving the system of medical care, rehabilitation of personnel, including in cooperation with international organizations concerning launching new and continuation of the existing relevant international projects;

restoration of military infrastructure (troop life support systems) and military camps, deployment of autonomous military bases with appropriate infrastructure for the disposition of military units and social amenities for military personnel and members of their families.

VI.5 Raising the level of social and legal guarantees for servicemen, including provision of housing and raising salaries

Problem statement:

The share of the main types of salaries (basic salaries and salaries for military ranks) within the structure of salaries is as follows: in 2015 – 20 %, in 2016 – 8 %.

As of 01.01.2016, 43.9 thousand persons are on the housing register in the Armed Forces of Ukraine, including 23.7 thousand persons in the lists of preferential provision of housing, representing 53.9 % of the total number of persons in need of improved housing conditions. The need for housing for military personnel being on the housing register in the garrisons of the Armed Forces of Ukraine is as follows:

26.1 thousand (59.5 %) apartments – for the provision of permanent housing;

17.8 thousand (40.5 %) apartments – for the provision of service housing.

Objective:

Strengthening social protection of servicemen and their families.

Improving the provision of housing to servicemen and their families.

Settlement of the issue of salaries of servicemen, which stimulates service in the Armed Forces of Ukraine:

- from 01.01.2017, increasing the share of the main types of salaries within its structure to 60 – 70 percent;
- gradual (by the end of 2020) elimination of disparities in the size of military pensions depending on the time of retirement.

Targets for 2016:

- Streamlining the system of financial support to military servicemen, soldiers and officers by increasing the amounts of basic salaries, salaries for military ranks, reducing the list and size of additional types of financial support and gradual adjustment of military pensions;
- Construction (purchase) of 800 apartments in the course of 2016.

What has been done in the previous period:

Since the beginning of 2016, financial support to military personnel has been increased at least twice (contract serviceman receives no less than UAH 7,000, brigade commander – UAH 14,000, battalion commander – UAH 12,000, company commander – UAH 10,000, platoon commander – UAH 9,000).

Timeliness of paying one-time financial assistance in the event of death and disability of servicemen has been ensured.

The issues of financial support, rewards for completing combat missions, payment of financial assistance to the families of the perished have been settled, the mechanism for confirmation of successful completion of combat missions has been simplified that will enable to strengthen a system of material incentives for ATO participants.

Key further steps to be implemented in the medium term:

- Bringing the amounts of salaries for military personnel, soldiers and officers to the level set for the military servicemen of the NATO member states;
- Setting the amounts of basic salaries and salaries for military ranks depending on the size of the minimum wage;
- elaboration of the draft Law of Ukraine "On Amendments to Article 12 of the Law of Ukraine" On Social and Legal Protection of Servicemen and Their Families" concerning introduction of compensation for renting housing for military privates, sergeants and petty officers of military service under contract, which is scheduled for submission to the Government in June 2016;

VI. 6. Creating an efficient model for the institutional basis for coordination of resolving the issues of territories affected due to temporary occupation or armed conflict

Problem statement:

As a result of military aggression the socio-economic situation of the eastern regions of Ukraine has deteriorated, namely: destruction of housing stock, social infrastructure and life support systems; loss of housing and property by the inhabitants, complications of providing the population of the eastern regions with essential public services, medical care, social and educational services; economic decline and rising unemployment due to closure of enterprises, physical destruction of production facilities; destruction of financial, banking spheres, transport infrastructure and communication systems.

There was a decline in the quality of life in communities of eastern regions, growth in the number of internally displaced persons (hereinafter – IDPs) in communities of eastern regions and worsening of problems related to their forced relocation.

According to the Ministry of Social Policy of Ukraine, as of 11 April 2016 there were registered 1,774,976 IDPs from certain REGIONS of Donetsk and Luhansk oblasts and Crimea; according to the UN, the actual number is about 800,000 people.

According to official statistics, the volume of industrial production decreased in 2014 in Donetsk oblast by 31.5 %, in Luhansk oblast – by 42.0 % and in 2015 – by 34.6 % and 66 % respectively.

250.5 km of roads and 13 engineering structures (this includes bridges, viaducts, overpasses, etc.) of a total length of 842 meters were destroyed in Donetsk oblast and 711.5 km of roads and 17 engineering structures over 1800 m long were destroyed Luhansk oblast.

According to the press service of the State Administration of Railway Transport, the total number of damaged facilities is 800, of which so far recovered less than half – 376. Of which 248 roads and 84 facilities, respectively. The airports of Donetsk and Luhansk are destroyed.

8,365 houses are damaged and 2,100 are restored in the territory of Donetsk oblast. About 9,000 houses are damaged and 1,500 are completely destroyed in the territory of Luhansk oblast.

Objective:

Restoration and building of peace in the eastern regions of Ukraine by stimulation of social and economic development of communities, enhancing their institutional, economic and social capacity, implementation at the national and local levels of measures on two strategic components:

- restoring critical infrastructure and key social services in the following areas: education, health care, social protection, public buildings and housing, energy, transport, water supply and drainage, ecology and environmental protection;
- economic recovery through the following: support of micro, small and medium businesses, increasing access to financial services, particularly in lending and microlending; ensuring the development of industry, construction, agriculture and other areas of economic activity on the basis of innovative development and their transfer to modern technology platforms; creating new, especially high-tech, jobs and increase in employment, income growth and restoration of key social services.

In order to achieve the above objectives it is planned to attract resources from international financial organizations and international technical assistance for the restoration of infrastructure facilities and the creation of a Multi-Partner Trust Fund for Ukraine has been initiated.

The priority of the Ministry should be the coordination of the preparation of projects for the restoration of Donbas with the assistance of subject matter experts and non-governmental organizations that are already developing and successfully implementing such projects, and their presentation to international agencies ready to assist Ukraine in restoration of peaceful life in the areas affected due to temporary occupation or armed conflict, and the support of IDPs from Donbas and occupied Crimea.

Targets for 2016

- UAH 5.8 billion is required for the facilities that need urgent restoration. (Donetsk oblast – UAH 1.73 billion, Luhansk oblast – UAH 4 billion). In 2016, UAH 227 million is provided for these purposes.
- According to estimates of ways to restore and build peace in Ukraine, the total estimated amount of financial resources required to restore the east of Ukraine is as follows:
 - infrastructure and social services – USD 1,257.7 million
 - economic recovery – USD 135.5 million

- Defining clear quantitative indicators is possible after approval of the State Target Program "Restoration and Building of Peace in the Eastern Regions of Ukraine" and making amendments to the Law of Ukraine "On the State Budget of Ukraine for 2016" and possible inclusion of its funding in the draft Law of Ukraine "On the State Budget of Ukraine for 2017", specification of expenditures on the implementation of measures to restore eastern Ukraine and build peace.

What has been done in the previous period

- a draft Concept of the State Target Program "Restoration and Building of Peace in the Eastern Regions of Ukraine" has been developed.
- water supply to individual districts of Luhansk oblast has been provided, a mechanism of settlements for the provision of water supply and discharge services in the territory of individual districts of Luhansk oblast has been developed;
- repair of railway stations in Rubizhne, Lysychansk, Svatove, Svitlanove, Svitlodarsk, Pereizna, Loskutivka, Popasna of Luhansk oblast;
- mine clearance, inspection and repair of damaged power lines which require urgent recovery to ensure power supply;
- mine clearance in the areas where pipelines are located;
- construction of access gas pipeline to the cities of Marinka and Krasnohorivka of Donetsk oblast;
- check points for entry and exit to temporarily uncontrolled territory of Luhansk oblast have been equipped and the arrangements for their opening have been made;
- in conjunction with the Ministry of Energy and Coal Industry of Ukraine the proposals have been prepared to avoid a man-caused environmental disaster due to flooding of coal mining enterprises in the territory of Luhansk oblast with mine waters of Pervomaiska and Holubivska mines;
- the work has been conducted and international technical assistance has been involved in the amount of USD 5.1 million (or UAH 120,9 million) for the implementation of the project "Assistance to Internal Displaced Persons in Eastern Ukraine";
- the work on the launch of a Multi-Partner Trust Fund for Ukraine has been conducted.

Sequence of steps to be done by the year's end to meet the objective:

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1	Adoption of the Act of the Cabinet of Ministers of Ukraine "On Approval of the Concept of the State Target Program "Restoration and Building of Peace in the Eastern	The need for urgent implementation of a set of measures aimed at restoring the social and economic infrastructure of the eastern regions and	Ministry of Temporarily Occupied Territories and IDPs, other interested public authorities	In the course of 2016	Contributing to normalization of the situation in the territories affected due to temporary occupation or armed conflict; restoration of industrial production and other forms of business activities, restoration of damaged infrastructure,

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	Regions of Ukraine" and approval of the State Target Program "Restoration and Building of Peace in the Eastern Regions of Ukraine"	building peace			etc.
2	Establishment of the Council on Restoration and Building of Peace in Ukraine	The need to determine the collegiate body which will perform a key role in the comprehensive and coherent coordination and planning of measures aimed at restoring, building peace	Ministry of Temporarily Occupied Territories and IDPs, other interested public authorities	II quarter	Ensuring coordination with all stakeholders, with the participation of interested ministries, state agencies, oblast and local administrations, CSOs and other beneficiaries
3	Participation in the development of a Strategy for informational reintegration of temporarily uncontrolled territories in eastern Ukraine and territories adjacent to the ATO zone.	Support for internally displaced persons, implementation of long-term policy of informational and political reintegration	Ministry of Information Policy, Ministry of Temporarily Occupied Territories and IDPs, other interested public authorities	In the course of 2016	Ensuring effective informational support to Government's reforms. Creating conditions for fast informational reintegration of internally displaced persons. Increasing TV and radio coverage of the ATO zone and Crimea
4	Assistance to state registration and support of international technical assistance projects aimed at restoring the east Ukraine and building peace	Ability to respond quickly to arising risks	Ministry of Temporarily Occupied Territories and IDPs, other interested public authorities	In the course of 2016	Formation of the medium-term development programs and the availability of the financial ground for their implementation. Avoiding duplication in financing of damaged facilities, transparency of fundraising procedure
5	Coordination of the preparation of projects for the	Support to internally displaced	Ministry of Temporarily Occupied	In the course of 2016	

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	restoration of infrastructure, housing and assistance to residents of liberated territories suffered from aggression, and presentation thereof to international partners to obtain funding for these projects	persons	Territories,		
6	Strengthening the institutional capacity of the Ministry of Temporarily Occupied Territories and Internally Displaced Persons	The need for acquiring a functional capacity to effectively perform the tasks set	Ministry of Temporarily Occupied Territories and Internally Displaced Persons Ministry of Finance	Within a year	Efficient and effective implementation of the tasks assigned to the Ministry in connection with the conflict and temporary occupation and post-conflict restoration

Key further steps to be implemented in the medium term:

Approval of the State Target Program "Restoration and Building of Peace in the Eastern Regions of Ukraine". Establishing a Multi-Partner Trust Fund for Ukraine to respond quickly to arising challenges, avoid duplication in financing of infrastructure facilities. Coordination of the preparation of specific projects to rebuild infrastructure destroyed by warfare, rebuild housing, stimulate the economic development of territories affected due to temporary occupation or armed conflict, help IDPs to attract international technical assistance. Amendments to the Law of Ukraine "On Fight against Terrorism" concerning compensation for damaged housing as a result of ATO. Restoring critical infrastructure and key social services in the following areas: education, health care, social protection, public buildings and housing, energy, transport, water supply and drainage, ecology and environmental protection.

VI. 7. Establishment of a Multi-Partner Trust Fund for Ukraine to attract funds from international financial organizations and technical assistance to resolve issues of the temporarily occupied territories and IDPs

Problem statement:

Restoring a peaceful life in the de-occupied territories requires a substantial international technical assistance. There is a number of obstacles for obtaining the above assistance due to

inconsistency between Ukrainian and European regulations. Resolution of the Cabinet of Ministers of Ukraine No. 153 of 15 February 2002 "On Creation of a Unified System of Attraction, Use and Monitoring of International Technical Assistance" complicates the provision of such assistance by international agencies to a great extent. Normative settlement of provision of international technical assistance will create favorable conditions for obtaining such assistance by Ukraine.

UAH 5.8 billion is required for the facilities that need urgent restoration. (Donetsk oblast – UAH 1.73 billion, Luhansk oblast – UAH 4 billion). In 2016, UAH 227 million is provided for these purposes.

According to "Assessment of Ways of Recovery and Peace Building in Ukraine" approved by the Resolution of the Cabinet of Ministers of Ukraine No. 797-p of 5 August 2015 "On Approval of the Report of the Joint Mission of the European Union, United Nations Organisation and World Bank" the estimated amount of the total needs for financial resources to restore eastern Ukraine is USD 1.52 billion:

- 1) infrastructure and social services (need – USD 1,257.7 million); US dollars;*
- 2) economic recovery (need – USD 135.5 million);*
- 3) social stability, peace building and public security – (need – USD 156.8 million)*

Objective:

Establishment of a Trust Fund will enable to attract extra-budgetary funds, accumulate the, and allocate for the restoration and peace building in Ukraine; it will create new financing instruments and will enable to involve donors, international financial organizations.

Contributing to the overall consistency in implementation of measure aimed at restoration and peace building and implementation of relevant state program;

Performing the functions of a coordination platform for restoration measures

Targets for 2016

Raising funds from donors and international financial organizations for restoration of destroyed roads and engineering structures (250.5 km and 13 bridges, viaducts, overpasses, etc.) in Donetsk and Luhansk oblasts (711.5 km of roads and 17 engineering structures over 1800 m long) and the financing of facilities that require urgent restoration.

What has been done in the previous period:

Pursuant to Resolution of the Cabinet of Ministers of Ukraine No. 270-p of 30 March 2016 "On Authorization of the Vice Prime Minister of Ukraine – Minister of Regional Development, Construction, Housing and Communal Services to advance the initiative of an international nature to establish a Multi-Partner Trust Fund for Ukraine" the State Agency of Ukraine for Restoration of Donbas has prepared an appropriate draft appeal elaborated by the Secretariat

of the Cabinet of Ministers of Ukraine and sent to World bank Director for Ukraine, Belarus and Moldova, Europe and Central Asia, and to UN Resident Coordinator in Ukraine.

Sequence of steps to be done by the year's end

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1	Establishment of a Trust Fund to attract extra-budgetary funds	Creating favorable conditions for attracting resources from international financial organizations and technical assistance for the restoration of infrastructure facilities, simplification of fundraising procedure	Ministry of Temporarily Occupied Territories and IDPs, other interested public authorities Ministry of Economic Development and Trade	By the end of year	The conditions will be created for attracting resources from international financial organizations and technical assistance for the restoration of infrastructure facilities and peace building

Key further steps to be implemented in the medium term:

Implementation of the State Target Program, which will identify key priorities for restoration and a road map for restoration of infrastructure facilities. Coordination of development of target projects for the purpose of raising funds from international financial organizations and obtaining international technical assistance.

VI. 8. Strengthening social stability, peace building and public security

Problem statement

Military conflict as a result of aggression in the eastern regions of Ukraine and occupation of Crimea has a direct negative impact on social cohesion, stability, livelihoods, public safety and the rule of law. Today, the following issues shall be addressed: issues related to the strengthening of social stability, peace building and public safety, strengthening the stability of displaced groups of people and host communities, improving the protection of groups of people affected by the conflict and contributing to reconciliation, people's security and access to justice.

According to the Ministry of Social Policy of Ukraine, 1,774,976 citizens of Ukraine were forced to leave their houses, according to the UN, the actual number is about 800,000

persons. Much of the IDPs have not registered and do not receive assistance from the state.

Objective:

Determining the main consequences of the crisis for groups of people affected by the armed conflict in eastern Ukraine and temporary occupation of the territory of Ukraine in the context of social cohesion, restoring peace and public security, contributing to the recovery by supporting the reintegration of internally displaced persons (hereinafter – IDPs) and former participants of the military conflict who did not commit serious crimes, strengthening host communities, attracting investment in measures aimed at restoring and strengthening the systems of justice and public safety. Creating a registry of internally displaced persons, which will reflect the real situation. Providing fair assistance to IDPs depending on the financial status of such persons.

Expected result aimed at contributing to achieving the objectives of recovery and peace building through a range of activities to strengthen trust between the state and citizens and providing assistance to the most vulnerable segments of the population (including IDPs) in overcoming the crisis in eastern Ukraine, as well as activities in the fields of development and restoration. Help to reduce tension between the communities in Donbas and throughout Ukraine. Expanding and strengthening citizens' access to justice. Contributing to the development and restoration of relationships and trust in the communities directly affected by the conflict. Preparation for disarmament, demobilization and reintegration of returning ex-servicemen.

Targets for 2016

- The estimated total needs for financial resources to restore social stability, peace and public safety by four components are as follows:
 - restoration of social cohesion and strengthening stability (USD 33.7 million);
 - protection of groups of population affected by conflict (USD 20.5 million);
 - psychosocial support to groups of population affected by conflict (USD 28.4 million);

restoration of public safety (USD 44.3 million);

- Total amount of needs is USD 126.8 million.

What has been done in the previous period:

1. A draft Concept of the State Target Program "Restoration and Building of Peace in the Eastern Regions of Ukraine" has been developed.
2. Within the framework of implementation of the Minsk Agreements and the work of the Trilateral Contact Group on peaceful settlement of the situation in Donbas:
 - 2.1 mine clearance, inspection and repair of damaged power lines which require urgent recovery to ensure power supply;
 - 2.2 the work on mine clearance of the areas has been conducted;
 - 2.3. check points for entry and exit to temporarily uncontrolled territory of Luhansk oblast have been equipped and the arrangements for their opening have been made;

3. The work has been conducted and international technical assistance in the amount of USD 5.1 million has been attracted for the implementation of the project "Assistance to Internal Displaced Persons in Eastern Ukraine";

4. The issue of establishing a Multi-Partner Trust Fund for Ukraine has been elaborated, the proposal on the establishment of which was approved by the Order of the Cabinet of Ministers of Ukraine No. 270 of 30 March 2016.

Sequence of steps to be done by the year's end:

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1	Development of the draft laws regarding safeguarding the rights of IDPs and submission thereof to the Cabinet of Ministers of Ukraine	Creating conditions for the observance of rights and freedoms of IDPs, social, economic and medical support to such persons.	Ministry of Temporarily Occupied Territories and IDPs, other interested public authorities	In the course of 2016	Establishing the guarantee of observance of rights, freedoms and legitimate interests of IDPs.
2	Development and submission of the draft act of the Cabinet of Ministers of Ukraine "On the Procedure for Relocation of Cargoes (Goods) to or from ATO Area"	Creating the simplified rules for crossing the contact line within Donetsk and Luhansk oblasts.	Ministry of Temporarily Occupied Territories and IDPs, other interested public authorities	In the course of 2016	Simplifying the mechanism of crossing the contact line within Donetsk and Luhansk oblasts.
3	Development of the draft Law of Ukraine "On Missing Persons" and submission thereof to the Cabinet of Ministers of Ukraine	Solving practical problems that arose in connection with the armed conflict in Ukraine, ascertaining the fate of missing people.	Ministry of Temporarily Occupied Territories and IDPs, interested public authorities	In the course of 2016	Resolving the status of missing persons and ensuring adequate legal protection of such persons and their relatives.
4	Participation in the development of a Strategy for informational reintegration of occupied territories and temporarily uncontrolled territories in eastern Ukraine and	Support for Crimean Tatars and internally displaced persons, implementation of long-term policy of informational and political	Ministry of Information Policy, Ministry of Temporarily Occupied Territories and IDPs, other interested public authorities	In the course of 2016	Ensuring effective informational support to Government's reforms. Increasing TV and radio coverage of the ATO zone. Completing the reform of international broadcasting system o

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	territories adjacent to the zone of anti-terrorist operation.	reintegration.			Ukraine.
5	Participation in activities aimed at increasing the penetration of Ukrainian media (coverage) in the zone of the anti-terrorist operation and the temporarily occupied territory	Creating conditions for fast informational integration of IDPs and population of the eastern regions of Ukraine.	Ministry of Information Policy, Ministry of Temporarily Occupied Territories and IDPs, other interested public authorities	In the course of 2016	Increasing TV and radio coverage of the ATO zone.
6	Creating a unified registry of internally displaced persons, which will reflect the real situation concerning IDPs.		Ministry of Social Policy of Ukraine, Ministry of Temporarily Occupied Territories and IDPs	In the course of 2016	Providing fair assistance to IDPs depending on the financial status of such persons.
8	Development of the draft Resolution of the Cabinet of Ministers of Ukraine "On Establishment of Territorial Bodies of the Ministry of Temporarily Occupied Territories and IDPs" and submission thereof to the Cabinet of Ministers of Ukraine	Protecting the rights and freedoms of the citizens of Ukraine	Ministry of Temporarily Occupied Territories and IDPs other interested public authorities	In the course of 2016	Protecting the rights and freedoms of the citizens of Ukraine

Key further steps to be implemented in the medium term

Determining the baseline indicators to better understand vulnerability, risks and social cohesion. Contributing to building and restoration of relationships and trust with the communities (IDPs, host communities, communities with a large number of ex-combatants) directly or indirectly affected by the conflict. Strengthening the Government's capacity to provide social protection services and ensure the provision of sustainable social assistance to vulnerable members of communities. Expanding and strengthening citizens' access to justice. Providing the persons directly or indirectly affected by the conflict with access to the required legal assistance and administrative support. Meeting the psychosocial needs of groups affected by the conflict (combatants and civilian victims of the conflict, children and victims of gender-

based violence, IDPs, persons who return to places of permanent residence). Eliminating the risks for public safety, including physical threats (fixed mines, unexploded ordnance) and the spread of illegal weapons, as well as reducing the level of uncertainty and anxiety caused by physical danger. Participation in the development of the National Plan and mechanism of disarmament, demobilization and reintegration, support for reintegration of combatants.

VI. 9. Informational reintegration of eastern, southern oblasts of Ukraine and the Autonomous Republic of Crimea

Problem statement:

Information blockade of the East of Ukraine and the Autonomous Republic of Crimea; anti-Ukrainian propaganda by the occupation authorities of the Russian Federation and illegal armed groups in the Autonomous Republic of Crimea.

Russian Federation's activity to reduce the world's attention to the fact of occupation of the Autonomous Republic of Crimea.

The low level of access by the population of the eastern and southern oblasts, the Autonomous Republic of Crimea to the Ukrainian TV and radio broadcasting; insufficient number of transmission equipment and, consequently, inadequate coverage of these areas by TV and radio signal.

Objective:

Ensuring the coverage by a high-quality signal of the eastern and southern oblasts of Ukraine with at least by 5 TV channels.

Forming an unequivocal position of the international community on the need to de-occupy the Autonomous Republic of Crimea; drawing attention to the situation in the peninsula; spreading the truth about the events in the Autonomous Republic of Crimea across the world.

Targets for 2016:

- put into operation two TV towers in the East of Ukraine;
- install at least 30 transmitters subject to their receipt from partners (EU countries and USA);
- provide and enhance support for the territorial integrity of Ukraine by the member states of the UN;
- restore access to truthful information for the population of the East of Ukraine and the Autonomous Republic of Crimea.

What has been done in the previous period:

- 21 analog TV transmitters, 16 FM transmitters have been installed in the ATO zone;
- Over 200 satellite antennas have been transferred to locations of the Armed Forces of Ukraine;

- More than 1 million copies of "Ukraina Yedyna" newspaper and "Spetsvypusk dlia zhyteliv Donbasu" newspaper has been distributed in the ATO zone;
- A number of information and communication campaigns have been held, in particular, the following: "Crimea is Ukraine"; "On 18 May we all are the Crimean Tatars", " Two Flags — One Country";
- A number of international forums has been held;
- A brochure on human rights violations in the Crimea has been published.

Sequence of steps to be done by the year's end:

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1.	Restoration of telecommunications infrastructure in the East and South: - installation and restoration of 2 towers in the East of Ukraine; - installation and launch of new transmitters in the ATO zone and southern regions (up to 30); - increase the power of existing transmitters.	The available capacity of transmitters in the East and South is insufficient and does not provide the public with a high-quality Ukrainian broadcasting. It is necessary to install additional transmitters and construct TV towers.	Ministry of Information Policy, BRT Concern	within a year	Increasing the coverage by TV and radio signal; recovery and distribution of Ukrainian broadcasting in areas where it is missing.
2.	The launch of "Holos Donbasu" ("Voice of Donbass") radio broadcasting.	The need for an independent, public radio broadcasting in the ATO zone with content relevant to people.	Ministry of Information Policy, National Television Company of Ukraine	II – III quarter	Increasing the volume of high-quality content
3.	Conducting negotiations with foreign partners to provide technical assistance to Ukraine and transmitting equipment.	Lack of state resources to restore broadcasting stipulates the need to involve the assistance of foreign partners.	Ministry of Information Policy	within a year	Formation of the technical basis for the recovery and distribution of broadcasting.
4.	Establishing the Crimean editorial office on the	The need for regular distribution of	Ministry of Information Policy	II quarter	The spread of objective information about

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	international broadcasting TV channel "UA TV"	information on developments in the Autonomous Republic of Crimea at the global level			developments in the Autonomous Republic of Crimea to the global audience
5.	Development, adoption and implementation of strategic acts: - the Strategy of Information Reintegration of the Autonomous Republic of Crimea; - the Strategy of Public Diplomacy of the Crimean Tatars.	The lack of a coherent government policy on the issue of information reintegration of the Autonomous Republic of Crimea	Ministry of Information Policy	within a year	Forming a unified strategy of information reintegration of the Autonomous Republic of Crimea.
6.	Communication campaigns and other actions to support the Crimean Tatars and fight against human rights violations, in particular, the following: - International media campaign "Crimea is Ukraine"; - presentation of the photo exhibition and videos within the framework of the UN Committee on Human Rights; - Publication of the book "#KrymNash – the Story of One Myth".	The need for focusing attention and regular coverage of topical issues of reintegration of the Autonomous Republic of Crimea and related issues.	Ministry of Information Policy	within a year	More than 6 campaigns in Ukraine and abroad in support of the Crimean Tatar and against the violation of human rights by occupants.

Key further steps to be implemented in the medium term

Increasing the information pressure on the Russian Federation's occupation authorities and illegal armed groups at a global level, increasing the presence of the issue of occupation of the Autonomous Republic of Crimea and activities of illegal armed groups in the global information

space, overcoming the information blockade of the temporarily uncontrolled and occupied territories.

Completing the recovery of TV and radio broadcasting system and further transition to digital broadcasting standard. This transition should be carried out only in cases where access to the digital broadcasting standard of the population will not be lower than the access to analog standard.

VI. 10. Completing the reform of international broadcasting of Ukraine and beginning work on popularization (branding) of Ukraine in the world and promoting the interests of Ukraine in the global information space

Problem statement:

The global information space lacks objective and up-to-date information about Ukraine. This results in creation of a negative image of our country, which affects the political, economic, tourism, investment and other areas. The main problem is the lack of a single targeted state information and communication policy focused on promoting Ukraine's interests by way of popularization (branding). In addition, the current situation requires bringing into conformity with the Law of Ukraine "On International Broadcasting System" and implementation of practical steps to complete the reform of international broadcasting.

Currently, the number of potential viewers of UATV international broadcasting TV channel is about 9 million persons; 12 agreements have been concluded with cable operators of Georgia, Latvia, Poland, Israel, Bulgaria; Ukrinform's daily traffic increased on average by 25 %, and the earnings increased twice already in December 2015; 5 complete language versions of the Ukrinform's website have been launched and 1 version is at the test run stage.

Objective:

Expand coverage and increase the audience of UATV channel; sign agreements with cable operators of all satellite coverage countries; increase the Ukrinform's readership by launching additional language versions of the website; improve financial, staff (involving the best specialists) policy of the state international broadcasting entities; launch a high-quality English-language editorial office with the participation of native speaking journalists and managers.

Start the reform of successful Ukraine's brand promotion in the global information space through the development, adoption and implementation of the Concept of Popularizing Ukraine in the world and promoting the interests of Ukraine in the global information space (hereinafter – the Concept); increase the investment attractiveness of Ukraine; increase tourist flows to Ukraine; create effective ways and means of communication with all actors of international relations.

Targets for 2016:

- Launching of three additional language versions of the Ukrinform's website;
- increasing the viewer audience of UATV international broadcasting TV channel three times, and increasing the number of contracts with cable operators from 12 to 55.

What has been done in the previous period:

A draft Concept has been developed based on the results of work of the Interagency Working Group at the Ministry of Information Policy of Ukraine, public discussions of the draft have been held and the draft was submitted for approval to the central executive authorities.

On 1 October 2015, UATV international broadcasting TV channel has been presented, the Law of Ukraine "On International Broadcasting System" has been developed and the adoption thereof has been ensured.

Since March 2016, the State Enterprise "International Broadcasting Multimedia Platform of Ukraine" is functioning.

During the IV quarter of 2015 – the I quarter of 2016, the number of potential viewers of UATV international broadcasting TV channel increased from 4 to almost 9 million.

The number of contracts with cable operators of countries increased from 1 to 12.

Ukrinform's traffic growth by 25% compared to the same previous period has been ensured.

Sequence of steps to be done by the year's end:

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1.	Introduction of the draft Concept to the Government and further presentation to the public		Ministry of Information Policy	II quarter	Public approval
2.	Formation of high-quality and interesting content of the channel (including at least 50% of English-language broadcast) with the participation of native-speaking journalists and managers.	Presentation of Ukraine's position in the world	International Broadcasting Multimedia Platform of Ukraine	II quarter	Improving high-quality content of the TV channel going to international level of presenting information
3.	Complete launch of Chinese-, Japanese-, French- and Polish-language versions of the website	Increasing the website audience	Ukrinform	II – IV quarter	Increasing the website audience
4.	Development of		Ministry of	III quarter	Creating a consistent

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	Action Plan to Implement the Concept within the activities of the Interagency Working Group at the Ministry of Information Policy of Ukraine and submission thereof to the Government		Information Policy		mechanism for Ukraine's brand promotion in the world
5.	Restart of International Broadcasting Multimedia Platform of Ukraine: new studio, visual component, new content	Increasing the audience of International Broadcasting Multimedia Platform of Ukraine	International Broadcasting Multimedia Platform of Ukraine	III quarter	Bringing the format of TV channel in line with the best international standards
6.	Launch of an updated Image Bank with the possibility to buy images online	Saving budgetary funds	Ukrinform	IV quarter	Optimization of Ukrinform's revenues, going to the modern level of online sales
7.	Start of implementation of the Action Plan to Implement the Concept		Ministry of Information Policy of Ukraine, Ministry of Foreign Affairs and other central executive authorities	IV quarter	Formation of working tools for the promotion of Ukraine, including working body
8.	Launch of TV channel broadcasting via one additional satellite for a better coverage of countries in the world	Increasing the viewer audience of TV channel	International Broadcasting Multimedia Platform of Ukraine	IV quarter	Increasing the presence of international broadcasting TV channel of Ukraine in the world Increasing the number of countries in the world where TV channel is broadcasted
9.	Increasing the viewer audience of TV channel three times, and increasing the number of contracts with world's cable	Increasing the viewer audience of TV channel	International Broadcasting Multimedia Platform of Ukraine	within a year	Expanding access to the viewers, coverage of the maximum number of households available

	Steps	Explanation, justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	operators up to 55.				

Key further steps to be implemented in the medium term:

Further expansion of audiences and possibilities of international broadcasting entities of Ukraine, establishment of Ukrainian International Radio Broadcasting Office. Establishment of a single working body with the transfer to it of other central executive authorities' powers regarding popularization of Ukraine in the world. Establishment of a special non-government institution, which does not require financing from the state budget and enjoys the rights of self-government, whose mission is to create a positive image of Ukraine. Expansion and development of a network of public cultural and information centers of Ukraine abroad, as well as strengthening material and technical base of existing cultural and information centers in order to involve them, in particular, in the production and distribution of foreign-language information and image materials devoted to Ukraine. Creating new channels of internal and external communication. Involvement in Ukraine of leading information agencies, TV and radio channels, print media and creation of appropriate conditions for their professional activities.

VI. 11. The modernization of consular service to protect the interests of citizens of Ukraine abroad

Problem statement

There is a need to further strengthen the mechanisms of protection of rights and interests of our compatriots abroad, including taking into account the best international practices. Consular protection and consular services are provided to all the compatriots, regardless of the status of their stay abroad.

According to local official circles and experts, more than 7 million our compatriots reside outside Ukraine temporarily or permanently, of which more than 5.5 million reside legally; 476,350 persons, including 17,961 adopted children are entered into the consular register in foreign diplomatic missions (FDM).

The results of the consular service in 2015 in terms of rapid response and assistance to our compatriots include, in particular, the following: evacuation, with the assistance of the Ministry of Foreign Affairs, from the zones of hostilities and natural disasters of 274 citizens of Ukraine (52 persons from Syria, 95 from Nepal, 127 from Yemen), release of three Ukrainian seamen who were part of the crews of 2 ships from pirate captivity, the return of shortfall in salary to 168 citizens totaling USD 1,260,475, locating and restoring contacts of 262 our compatriots with their relatives in Ukraine, returning 308 Ukrainian seamen who got into a difficult situation abroad to Ukraine, providing protection to 16 citizens of Ukraine who were victims of human trafficking; and financial aid to 239 citizens of Ukraine, ensuring treatment and rehabilitation in foreign medical institutions of about 500 military servicemen wounded during ATO.

Consular fee for the provision of consular services in 2015 amounted to 26 million 801 thousand 380 US Dollars (+5.5 %).

Objective:

Strengthening the mechanisms of protection to the rights and legitimate interests of the citizens of Ukraine abroad, including through technical modernization of the Consular Service of Ukraine – according to the needs of our fellow citizens and the world's best practices.

Targets for 2016:

The end result of technical modernization has to be completion of consular services automation, creation of a unified database of provision and registration of consular services and fees "E-consul", implementation of a visitor flow control system, putting into operation of the visa information system ITS "Visa").

What has been done in the previous period:

The State Information System of registration of individuals and their documentation for the Ministry of Foreign Affairs of Ukraine and the FDM (hereinafter – SIS) has been upgraded in the context of implementation of the "Action Plan on Introduction of Documents Confirming the Citizenship of Ukraine, Identity of Person or His/Her Special Status", in which contactless electronic media is implanted.

A national system of biometric verification and identification of citizens of Ukraine, foreigners and stateless persons for 2014-2017 has been created.

The information and telecommunications system for processing and issuing visas to foreigners and stateless persons for entry to Ukraine and transit through its territory has been developed (hereinafter – ITS "Visa").

Sequence of steps to be done by the year's end:

	Steps	Explanation, Justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
1	Complete the automation of consular services	Most consular service provision processes need to be automated by connecting to departmental resources in order to avoid unnecessary correspondence	Ministry of Foreign Affairs	4th quarter	Simplifying consular service provision procedures, shortening the applications processing time and increasing the efficiency of consular departments
2	Create a unified database of provision and registration of consular services and fees "E-	There is a need to create a unified database of provision of consular services on the MFA's server, which	Ministry of Foreign Affairs	4th quarter	Cancellation of the need to send archaic reports on consular actions performed, analysis of FDM

	Steps	Explanation, Justification	Responsible	Time frame (quarter)	What the implementation of this step will result in
	consul"	will receive information from FDM about consular actions performed and consular proceeds on a daily basis			activities in consular area
3	Implement a visitor flow control system	The system is necessary primarily for FDMs, to which a large number of visitors apply daily for reception. The system is capable of registering visitors for reception via the Internet, allows you to analyze the performance of FDM in consular area	Ministry of Foreign Affairs	4th quarter	Effective regulation of flows of visitors who came to FDM for committing consular actions, reducing the time for filing documents, improving the image of Consular Service of Ukraine
4	Put in operation the information and telecommunications system "Visa"	The system's task is to significantly improve the processes of processing and issuing visas to foreigners and stateless persons for entry to Ukraine and transit through its territory through the introduction of latest information technologies	Ministry of Foreign Affairs	3rd quarter	The promptness and convenience of processing visas for foreigners and stateless persons, the use of the Internet for submitting visa applications to authorized state institutions and tracking visa processing status; monitoring the implementation of decisions on issuing visas or the refusal of their processing through automation, centralization and documentation of processes

Key further steps to be implemented in the medium term:

Modernization of the Consular Service also includes measures to optimize the consular presence of Ukraine abroad. In 2014, based on current and projected intensity of the FDM activities in the respective countries, the priorities in terms of using state funds for the maintenance of FDMs 9 consular institutions were liquidated and 8 were reorganized; at the same time measures were taken to ensure further effective provision of consular services to our fellow citizens.

Based on the consular needs of our citizens in their places of compact residence/stay, the possibility of opening consular institutions of Ukraine in Mestre (Italy), Alicante (Spain), Hurghada (Egypt), Vancouver (Canada), Houston (USA) is now under consideration.

The efficiency of consular service will also be improved by measures taken to ensure maximum awareness of our fellow citizens on issues important for them. Recently, the feedback mechanisms were enhanced for the citizens, the information to/from which is provided/received, inter alia, through the electronic resources available on the MFA's and FDM's web-portals and in social media, including in specially created profile of the Consular Service Department on Facebook. In the near future, a web-resource "Advice to Travelers" will be implemented with the possibility of voluntary registration of citizens of Ukraine and emergency notification.

Measures implemented and scheduled to optimize the consular protection of our fellow citizens will be used effectively in the second half of this year within the framework of providing consular support during the events abroad (EURO 2016, XXXI Olympic Games, XV Paralympic Games, World Youth Day with the participation of the Pope).
