

## The European Union's ENPI Programme for Ukraine

Support for the implementation of the EU-Ukraine Association Agreement / A4U Project

Project Identification No.:  
EuropeAid/137074/DH/SER/UA  
Contract N: 2015/370-128

### **A4U Reviews-Comments-Briefs № 15**

## **Ukraine Reform Conferences, June 2018, Kiev, Copenhagen**

Prepared by B. Jarabik, STE of the A4U EU Project. It reflects views of the STE only and not the official position of the Project, let alone the EUD. (Key expert: Dr J. Zakonyi)

July 2018



This project is funded by  
the European Union



A project implemented by Consortium led by  
GFA Consulting Group GmbH



Funded by  
the European Union



Implemented by a  
Consortium led by GFA  
Consulting Group

## 1 Brief

### RPR`s Ukraine Reform Conference in Kyiv

Date: June 14, 2018

-----

#### Objective:

Prelude for the Danish supported 2<sup>nd</sup> Ukraine Reform Conference in Copenhagen (after London last year). The real objective is to provide an international forum & brand to improve Ukraine image in the West.

Conference website at the Danish MFA: <http://um.dk/en/foreign-policy/ukraine-reform/>

#### Key findings/quotes:

##### Koliushko (Center for Political and Legal Reforms):

- Legal and technical update on decentralization: covering 18% of population and 32% of territory at this stage (and moving forward)
- Priorities for decentralization reform: completion of the creation of the ATC, expansion of the area of large cities, the law on the principles of the ATU, delegation of authority at CNPAs and the law on RAIS, the primary link of health-care.
- Priorities for reform of public administration: completion of the creation of a correct system of directors, a new system of strategic planning in the government, a new structure of the apparatus of ministries, changes to the legislation on the Cabinet of Ministers, the law on administrative procedures, a new model for the formation of a new Government.
- Main priorities for electoral reform: new composition of the Central Election Commission, electoral code and bills on all-Ukrainian and local referendum.

##### Vyhslynsky (Center for Economic Reforms):

- Priorities for Energy Reform: launching the Energy Efficiency Fund, subsidizing monetization, ensuring the transparency of the energy sector and accountability of its regulatory authorities.
- Priorities for environmental reform: Implementation of effective environmental control and implementation of the European waste management system
- Priority for the economy # 1 - Abolition of the moratorium on land to respect citizens' rights to freely dispose of their property. As a coalition, we demand the introduction of a # Council8 bill to lift the moratorium on land.

##### Yurishchin (TI):

- Priority for anticorruption reform: completion of building an effective system of anti-corruption bodies through the creation of an independent specialized Supreme Anticorruption Court.

Deputy Minister of Economy Mykolska (presentation):

- Reinstating economic growth is important – but not enough, investment is very small.
- Government priorities for economic growth: privatization, business climate improvement, concession legislation reform, support and advancement of the expert, innovation and development of the digital economy, protection of intellectual property rights.

Canadian Ambassador Waschuk: Re-instating trust between government and citizens is key

Pinchuk (Rivne Reform Coalition)

- Window of opportunity for reforms on the eve of elections exists more than at the all-Ukrainian level. It is civil society and field activists who can formulate an agenda for introducing changes and requirements from candidates.
- Communicating with the public and the population should be in the first place in the sphere of introduction and promotion of reforms.

Aivazovska (OPORA):

- Budget subventions in the regions allow us to "pay" from our pockets the electoral campaigns of majoritarian candidates. The largest number of subventions per deputy fall to NarodnyiFront, Vidrozhennia, BPP/Solidarnist, the Will of the People.
- Strengthening criminal responsibility for electoral violations should be a powerful tool to combat "dishonest rules of the game" during elections, such as illegal use of the ballot, bribery, unlawful bidder's advantage, and others.
- 68% of citizens are dissatisfied with the integrity of the election, but only 16% of citizens turned to active actions to expose the violations during the elections.

Mingarelli (EUDEL):

- You, as civil society, will remain the main property of Ukraine.
- In the conditions of the election process, it is the populist forces in Ukraine that threaten the achievements and development of reforms.
- I cannot but notice that Ukraine has done a lot of reforms, especially given its difficult conditions.

**Minister Saenko:**

- We must explain, speak and explain to the public and the public about institutional changes in the system.
- The introduction of innovation and institutional change is a key factor for moving forward.
- The old system is not ready for institutional change and believes that reforms can be implemented according to old rules.

**Bekeshkina (DIF published its new anti-corruption poll yesterday**

[https://dif.org.ua/en/article/the-fight-against-corruption-in-ukraine-public-opinion?ct=t\(EMAIL\\_CAMPAIGN\\_6\\_15\\_2018\\_8\\_47\)&mc\\_cid=1804d1ce78&mc\\_eid=a9ee39d893\)](https://dif.org.ua/en/article/the-fight-against-corruption-in-ukraine-public-opinion?ct=t(EMAIL_CAMPAIGN_6_15_2018_8_47)&mc_cid=1804d1ce78&mc_eid=a9ee39d893):

- Reform success: # medreform, # decentralization, anti-corruption reform, educational reform - the most successful reforms, according to RPD experts.
- Poll: 54% of Ukraine's population do not see any successful reform.
- Reforms failure: according to experts, judicial, anti-corruption, tax, agrarian and electoral reforms are failing.
- Reasons for failure: oligarchs, the bureaucracy of officials, the political forces of the coalition majority of the Parliament, the opposition and the President - are the 5 main obstacles to reforms, according to the public and experts. The lack of proper communication between the Government and citizens is the main reason for poorly evaluated population reforms.
- Reform # 1 according to the population - the fight against corruption. Only 9% of Ukrainians consider anti-corruption to be successful, 83% - on the contrary, do not see the success of the reform, and 50% - believe that anti-corruption reform.
- Healthcare: 28% of the population signed an agreement with a doctor, 48% have not done so and know how.

--END--

**2 Brief**  
**Re: 2<sup>nd</sup> Ukraine Reform Conference in Copenhagen**  
**Date: 27 June 2018**  
-----

**Summary**

There were political deliverables besides the reconfirmed international support to Ukraine. The conference itself was considered a success with 10+ FMs participating. At the same time there was very little fresh funding offered beyond a lot of solidarity. The Danes [offered additional EUR 72m](#) and the [EU approved another billion MFA](#) - question whether this can be dispersed given this is tight to the IMF program.

**Objectives**

Danish FM Madsen was striking a “modestly optimistic” tone about the conference. “We should be careful not to fall into the gloomy ditch,” Madsen said from the Danish Embassy in Kyiv. “Every road has a ditch on each side — too gloomy and too rosy...Ukraine is on the road to getting rid of the ‘old Ukraine,” he said, and deserves support in reaching its destinations. He highlighted impunity for those “stealing the future of the country” must stop. “They should be prosecuted. Nobody has been convicted. Ukraine must get out of the situation with this impunity — that anybody could steal, and nothing would happen.”

Nonetheless FM Madsen said, Ukraine has achieved “remarkable results, not dramatic, but remarkable results” in reform, citing as last year’s adoption of transparent value-added tax returns that eliminate arbitrariness and reduce corruption. <https://www.kyivpost.com/ukraine-politics/ukraine-reform-conference-will-test-nations-progress.html>

**Few Facts:**

In 2017, FDI in UA was \$1,7 billion; while Ukraine saw \$8,4 billion from IMF since 2014. Compared to that, remittances in 2017 grow to \$9,7 billion (\$3 billion from Poland alone) and predicted to reach \$10 billion next year (or 10% of GDP, while it used to be app. \$4 billion) – Ukrainian brain-drain is real and set to continue.

Political campaigning: per GDP, political parties in Ukraine spend 10 TIMES MORE than political parties in the US (official resources). The figure comes from Taras Shevchenko, director of Reanimation Package of Reforms).

**Findings**

The Ukrainians came with their A-team (PM, V-PM Kubiv and V-PM Klymush-Tsintsadze, their acting finance minister Markarova presented herself excellently, Director of UkraineInvest Dan Bilak also). It was clear the IFIs and govts have good working relations with them.

The EU was represented by HR Mogherini (Hahn was supposed to come but cancelled last minute – I understand not because of UA but because of limelight-sharing with Mogherini). The Danes, Swedes, the 3 Baltic states Brits, Norwegians, Canadians have all come at a foreign minister level; many others have come at the level of state secretaries (and the

Danes also had the PM deliver a speech). The US was represented by Deputy Secretary of State John J. Sullivan.

Also telling was who was not there: the French and the Germans have sent their political directors and V4 either state secretaries or general directors. The Hungarians is understandable given their stand on the education law; the Czechs have just appointed a new govt and have no foreign minister yet; but Slovaks and Poles were notably absent.

The feeling in the room was that the Ukrainians have done a lot already and there was an acknowledgement of that in official foreign ministers' remarks. Two things that were mentioned by almost everyone: continued fight against corruption, including the amendment of the Anticorruption Court law (i.e. fixing the appellate issue ASAP) and continuing reforms (privatization, land market, deregulation). The message about ACC drove to Kyiv the point that they won't be off the hook until the appellate issue is fixed. More about these messages here: <https://abcnews.go.com/International/wireStory/danish-leader-urges-ukraine-counterpart-speed-reforms-56197157>.

Mogherini's speech was supportive: "we stand by Ukraine and its people", "challenges are huge also because of the war, for which RU is directly responsible". She also underlined the need to preserve the independence of NABU and Special Anticorruption Prosecutor's office as well as of the public broadcaster (which has recently seen its budget slashed by half!); Boris Johnson specifically mentioned the need to renew the Election Commission (the terms of the COM members have mostly expired long time ago) and progress on privatization; Sullivan mentioned the need for Ukraine to fight the oligarchs' control of the economy the same way as the US fought its barons 100 years ago. More about these in this report: <https://www.rferl.org/a/more-reforms-are-needed-now-eu-s-mogherini-tells-ukraine/29323968.html>

Ukraine's PM Groysman called for an establishment of a high-level group that would look into the future partnership between Ukraine and the West – something that Freeland noticed and said this kind of group should convene next year in Canada.

### **Messages in Media: More Reforms Needed**

**EU and Ukraine are closer than ever**, "I want to commend the Prime Minister and his government for the work that has already been done. Today, the European Union and Ukraine are closer than ever. Since 2014, the EU has invested in Ukraine more than in any other country in the world. We have offered the largest package of assistance in our history – over EUR 13 billion," High Representative of the European Union for Foreign Affairs and Security Policy Federica Mogherini said at the Ukraine Reform Conference in Copenhagen. She stressed that the EU strongly supports the territorial integrity, sovereignty and independence of Ukraine, but also expects Ukraine to continue with its reform course.

**PM Groysman proposes high-level group on reform.** "The success of Ukraine is a shared interest of all international stakeholders, which takes into account not only the economic aspect of cooperation, but also the security, Ukraine has already delivered predictable processes with a stronger economy," Prime Minister Volodymyr Groysman said in Copenhagen. At the First Conference in London, the Government and international partners

outlined a plan comprising five reforms, of which 4 have been actively implemented: reform of education, healthcare, the pension system, and privatization. He proposed creating a high-level group to assess the state of reforms and to further shape the action plan.

**Norway considers investment in Ukraine's energy sector.** "We will continue to provide support for energy efficiency, reforms, our dialogue with Naftogaz, corporate governance ... We are also looking at how we can expand this support," Norwegian Foreign Minister Ine Eriksen Soreide said at the second international Ukraine Reform Conference, held in Copenhagen. She added that Oslo would like to see more investment between Ukraine and Norway in both directions, stressing that depend on effective structural reforms, Interfax-Ukraine reports.

--END--