



# REPORT OF THE GOVERNMENT

FEBRUARY-NOVEMBER 2014

# Financial stability

- **Implemented anti-crisis measures to bridge the budget gap. Eliminated a number of shadow economic schemes**
  - Income of the state budget increased by **5 %**
  - Treasury accounts balance amounts to **UAH 25.3 bln** (\$ 1.7 bln)
- **Simplified business procedures**
  - Ukraine's ranking in the Doing Business report improved **by 16 points** – from 112 to 96
  - Agricultural output grew by 16 %
- **Support from the international financial institutions: \$8.6 billion.**  
External debt repayment: **\$9.1 billion**
- **Adopted two austerity packages. Cut financing for the state institutions by 10.7% (\$142.5 mln)**
- **Drafted tax and budget reforms, cutting number of taxes from 22 to 9, prohibiting inspections of small businesses for 2 years, offering a tax compromise**



# National security and defense

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- **Restored combat readiness of the Armed Forces. Created and equipped the National Guard:**
  - Increased budget allocations for security and defense sectors by **\$1.27 bln**, including by **\$430 mln** for procuring and modernizing the military equipment
  - **\$875 mln** were allocated for the Armed Forces, **\$395 mln** for the National Guard
  - Raised the salaries for participants in the anti-terrorist operation **by 100%**
- **Started to rebuild the liberated territories:**
  - Allocated costs from the budget reserve fund in the amount of \$20 mln
- **Submitted three claims against Russia to the European Court of Human Rights**
- **Launched the dispute settlement procedure regarding Russia's financing of terrorism in Ukraine in accordance with the International Convention for the Suppression of the Financing of Terrorism**
- **Passed the Government's law on the sanctions**



# Energy independence

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- Launched the reverse supply system of natural gas into Ukraine from the EU
- Purchase **60%** of the imported natural gas from the EU, saved **\$500 mln** due to a cheaper price
- Increased natural gas reserves **from 5 to 17 bcm**
- Reduced gas consumption **by 20%**
- Submitted a claim against Gazprom to the Arbitration Institute of the Stockholm Chamber of Commerce. Signed an interim deal with an acceptable price to get through the winter
- Created a legal framework for EU and US based companies to invest into the Ukrainian gas transportation system



# The European integration

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- Signed and ratified Association Agreement with the EU
- Adopted the National implementation plan
- The EU unilaterally abolished all customs and export duties for Ukrainian exporters. Exports to the EU grew by **12.3%** (\$1.5 bln)
- Adopted legal acts and completed the first phase of the Visa Liberalization Action Plan. Allocated **\$20 mln** to procure over **600** terminals to process biometric passport applications
- Created a coordination system by establishing an EU integration office in the Government and by introducing posts of deputy ministers for the EU integration in each ministry



# Good governance

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- Organized free and fair democratic elections of the President and of the Parliament
- Adopted a package of anti-corruption laws, established a National anti-corruption bureau
- Began lustration of senior public officials:
  - **357 officials** were entered into the national lustration list
  - Started the second stage of lustration

Cut the number of public official by **28 thousand**

Cut the number of controlling agencies **from 56 to 28**





# Office of the Vice Prime Minister





# Office of the Vice Prime Minister

- Established a state information center «United Ukraine»
- Restored the Ukrainian institute of national memory
- Established the Council for interethnic harmony
- Progress in combating the HIV infection
- Restored the interagency commission to support national book publishing





**Office of the Vice Prime Minister.  
Ministry of Regional Development,  
Construction and Utility Services**





# Office of the Vice Prime Minister. Ministry of Regional Development, Construction and Utility Services

- Prepared the legal framework for decentralization of power and reform of local governance
- Launched pilot project of co-operation between municipalities with international technical assistance
- Prepared the laws on increasing financial capacity of local budgets, delegating them more powers in land use and in providing administrative services
- Harmonized with EU regulations the technical requirements for construction, improved city planning legislation, decentralized construction oversight powers
- Prepared draft laws on improving energy efficiency of households





# Secretariat of the Cabinet of Ministers





# Secretariat of the Cabinet of Ministers

- Introduced new simplified procedures for Government's operation
- Established a new structure to coordinating the Government agencies in their EU integration efforts
- A transparent and public system of appointing Government officials
- Increased participation of the civil society in the decision making process
- Sold excessive property of the Secretariat at public auctions
- Introduced the electronic document circulation in the Secretariat





# Ministry of Agrarian Policy and Food





# Ministry of Agrarian Policy and Food

- Ensured food security. Substantially increased agricultural output – recorded one of the largest harvests.
- Adopted laws to harmonize the procedures and standards with EU regulations
- Established joint working groups with the business community
- Eliminated corruption schemes in strategic state enterprises. Increased profits of state ethanol producing plants by 6 times
- Increased agricultural exports into the EU





**Ministry of Internal Affairs**





# Ministry of Internal Affairs

- Established the National Guard
- Established special operations units in the patrolling service
- Improved the defense capacity of the country
- Reformed the law enforcement structures
- Restored the morale of the law enforcement





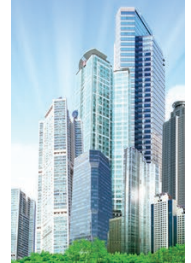
# Ministry of Environment and Natural Resources





# Ministry of Environment and Natural Resources

- Increased the territories of natural sanctuaries
- Implemented projects under the Kyoto protocol framework
- Changed the regime of functioning of the Northern-Crimean water channel. Ensured water supply to Crimea and the Kherson region
- Ensured safety of the Chornobyl NPP
- Collected \$32,2 mln in budget revenues from issuing permits for use of natural resources





# **Ministry of Energy and Coal Industry**





# Ministry of Energy and Coal Industry

- Despite Russian gas blockade - accumulated sufficient volumes of the natural gas to get through the winter
- Despite destruction of energy infrastructure in the Eastern regions and deficit of coal – ensured a stable functioning of the national energy system
- Implemented urgent measures to reduce dependency from Russia in the nuclear power generating industry
- Achieved substantial progress in implementing the Third EU energy package
- Started the integration of Ukraine’s energy system into the EU energy grid (ENTSO-E)
- Attracted investments of international financial institutions into energy infrastructure





# Ministry of Foreign Affairs





# Ministry of Foreign Affairs

- Consolidated the support and solidarity of international community to counter the Russian aggression and to support reforms in Ukraine
- Launched the implementation of the Association Agreement with the EU
- Simplified visa regime with 10 countries. Successful completion of the first phase of the EU Visa Liberalization Action Plan
- Countered Russian propaganda in foreign media and social networks
- Reached an agreement with NATO on implementing systemic reforms in the security sector to achieve interoperability with NATO structures
- Evacuated dozens of Ukrainians from Syria, Palestine and Egypt. Success in freeing 18 Ukrainian hostages in Lybia





# Ministry of Infrastructure





# Ministry of Infrastructure

- Launched the reform of railway industry
- Created infrastructure in the «Yuzhny» sea port to receive capesize cargo ships
- Completed the procedures to sign the Agreement on common aviation area with the EU
- Restored the infrastructure in the liberated territories: 4 schools, 1 kindergarten, 2 bridges were fully rebuilt. Defused over 600 mines
- Reduced regulatory functions in the transport sector by 25 % and cut the number of controlling staff by 200





# Ministry of Culture





# Ministry of Culture

- Countered the Russian propaganda and information aggression, including in arts. Implemented programs to support the soldiers.
- Joined EU programme «The creative Europe», international platform ICCROM.
- Developed a long-term strategy «Culture-2025» together with international consultants and the civil society
- Drafted a law which prohibits construction in buffer zones of historic monuments. Drafted a concept and began to establish the Museum of the Maidan
- Improved conditions for state financial support of the national cinema production





# Ministry of Youth and Sports





# Ministry of Youth and Sports

- Implemented the existing calendar of sport events despite severe austerity cuts
- Drafted the concept and the legal framework for reforming the sports sector
- Drafted the long-term strategy for youth policy together with international experts and the civil society
- Launched a system of training the youth workers in the public sector
- Improved the financial results of state-managed sports infrastructure





**Ministry of Defense**





# Ministry of Defense

- Restored combat readiness and defense capabilities of the Armed Forces
- Ensured proper financing of the Army and supplies of equipment
- Simplified the regulatory framework. Improved the procedures for drafting and for procurement
- Restored a functioning coordination between the ministries and defense enterprises in order to ensure supplies of equipment for Army needs
- Established a system of social security for the soldiers of anti-terrorist operation and their families





# Ministry of Education and Science





# Ministry of Education and Science

- Drafted and passed through the Parliament the reform of high education
- Cancelled a number of illegally obtained licenses of high education institutions. Enforced strict anti-plagiarism measures
- Moved the education institutions from temporarily occupied territories in Crimea, Donetsk and Luhansk regions, transferred their students and staff
- Delegated more powers to educational institutions
- Introduced a transparent online bookkeeping and state procurement system





**Ministry of Health Care**





# Ministry of Health Care

- Unblocked the state procurement of medical supplies. Secured supplies of medicines to all regions
- Introduced amendments into the legislative framework which allowed to relaunch the BCG vaccination program
- Drafted and adopted the state social program to counter HIV and AIDS for 2014-2018 with a budget of \$427 million
- Moved the medical universities out of Donetsk and Luhansk
- Secured humanitarian aid of \$2.4 million for soldiers and IDPs





# Ministry of Social Policy





# Ministry of Social Policy

- Introduced a more just and accessible system of household subsidies which would allow more families to benefit from it
- Administered social payments to IDPs, transferred their pensions and other benefits to be paid in places of their registration. Distributed subsidies for housing to the IDPs
- Established a separate Government agency to service social needs of the anti-terrorist operation veterans
- Attracted donor aid to finance rehabilitation abroad for over 8 thousand children of soldiers and of participants in the Revolution of Dignity
- Reduced pensions and social subsidies to public officials: prosecutors, judges, members of parliament
- Drafted a new Labour Code





# Ministry of Finance





# Ministry of Finance

- Balanced the State budget, kept the fiscal gap within 4%. Funded all guaranteed budget expenditures
- Prepared proposals for an interagency fiscal relations reform
- Prepared a taxation system reform
- Prepared a social security system reform
- Managed external investment projects and implemented programs of cooperation with donors





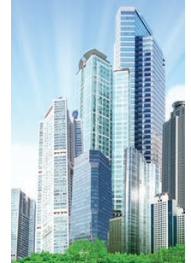
# Ministry of Justice





# Ministry of Justice

- Drafted and passed the anti-corruption legislation
- Launched an electronic trading system of arrested property
- Launched a pilot project to simplify property registration procedures
- Drafted and passed the Law on lustration. Began to implement the lustration.
- Submitted claims to international courts with regard to the annexation of Crimea and to the Russian military aggression





# **Ministry of Economic Development and Trade**





## Ministry of Economic Development and Trade

- Drafted and started to implement the new Law of Ukraine «On Public Procurement»
- Imposed moratorium on inspections of small business by controlling agencies. Simplified registration procedures for the business. Reduced the number of permits for businesses from 143 to 85
- Drafted the laws «On Standardization» and «On Metrology and Metrological Activity» which were subsequently adopted by the Rada
- Supported the Ukrainian exporters to expand their activities at the EU market
- Implemented cooperation programs with IFIs



Kyiv  
November 2014

