



Warsaw, 29.02.2016

## GENERAL INFORMATION

According to «Transparency International» 2015 ranking **Corruption Perceptions Index (CPI)** of Ukraine is 27 out of 100 possible that is 1 point higher than it was previous year. Ukraine is ranked 130 out of 168 positions. In 2014 it was 142 out of 175 positions. Interaction between business and the Government affected the CPI in the worst way. For the last year the corruption level has increased in the matter of providing businessmen with public facilities and annual tax liabilities. As a result, Ukraine has scored -3 points according to the World Economic Forum Executive Opinion Survey.<sup>1</sup>

According to the **'Doing Business 2016'** ranking, Ukraine ranks 83 of 189 countries worldwide. In comparison with 2015, Ukraine has risen 13 positions in the ranking. It was made possible due to a significant simplification of business registration procedures.<sup>2</sup>

According to **«2016 index of Economic Freedom»** (The Heritage Foundation) Ukraine has registered Europe's lowest levels of economic freedom. In the ranking of economic freedom, Ukraine scored 46.8 points of 100, which is 0.1 points less than in 2015. Ukraine's general position in the world ranking is 162 of 166 countries.<sup>3</sup>

According to **'The Global Competitiveness Index 2015-2016 Rankings'**, Ukraine ranked 79th of 140 countries (in the previous ranking, Ukraine took 76th place).<sup>4</sup> In the prosperity ranking, in 2015, Ukraine ranked 70th of 142 countries, while in 2014, it was 63th.<sup>5</sup>

## THE LEVEL OF IMPLEMENTATION OF REFORMS IN UKRAINE

According to the National Reform Council, at the moment, there is a significant delay in the planned schedule for the implementation of reforms. Thus, of the reforms planned for 2015, successfully implemented were the following:

- Public administration reform – 49%;
- Reform of the energy sector – 57%;
- Reform of the law enforcement system – 58%;
- Replacement of the personnel in state bodies and anti-corruption reform – 59%;
- Deregulation and enterprise development – 68%;
- Constitutional reform – 68%;
- Reform of the judiciary – 70%;
- Public procurement reform – 77%;
- Tax reform – 83%;

<sup>1</sup> <http://ti-ukraine.org/en/%D0%A1PI-2015>

<sup>2</sup> <http://www.doingbusiness.org/data/exploreconomies/ukraine/>

<sup>3</sup> <http://www.heritage.org/index/country/ukraine>

<sup>4</sup> <http://reports.weforum.org/global-competitiveness-report-2015-2016/report-highlights/>

<sup>5</sup> <http://prosperity.com/#!/ranking>

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- Reform of the state property management – 83%;
  - Decentralisation – 84%;<sup>6</sup>

The delay in the schedule, planned for the year 2015, means that it will continue to grow in 2016.

Generally speaking, the current progress in implementing reforms is due to the adoption of certain legislative and regulatory acts. At the same time, in Ukraine, there are serious problems with their implementation. An illustration of this is the reform of the prosecutor's office. As early as back in October 2014, a new Law 'On Prosecutor's Office' was adopted in Ukraine; it has received very positive feedback from the international community. Still, due to the sabotage of senior management of the General Prosecutor's Office of Ukraine (represented by General Prosecutor Vitaliy Yarema), the law could not enter into force in time, and, consequently, the Ukrainian Parliament had to urgently postpone its entry into force from April to July 2015. After the law came into force, the reform has failed anyway, as very few new people came to the rank-and-file positions in the prosecutor's office, while all the same old workers of the prosecutor's office took senior positions.

It is a similar situation with the implementation of other reforms. All of them are made only on paper – a strategy for the reform implementation is developed, drafts of the necessary legislative changes are produced, laws are passed. But, in fact, reforms are not carried out - the law enforcement and judicial authorities still continue to welter in corruption, public administration system has not changed the principles of its functioning since the Yanukovich era (all major industries are supervised by representatives of several oligarchs).

No official senior officer from the times of Victor Yanukovich's government has been brought to justice over the two years. The sanctions imposed Yanukovich's inner circle in European countries, have begun to be canceled because Ukrainian law enforcement agencies could not provide their European partners with any evidence of their criminal acts. The Ukrainian Interpol regional office deleted Yanukovich and members of his family from the wanted list<sup>7</sup>.

## RECOMENDATIONS

- To implement the reform the civil service and the system of executive power is a top-priority task; to adopt a new law 'On the Cabinet of Ministers', 'On the central bodies of executive power'. Reforms need to start from the people who are going to implement them.
- To urgently enable running of independent anti-corruption bodies. To launch the National Agency for the Prevention of Corruption and to amend the Law 'On electronic statements' (№3755), which currently does not meet the anti-corruption commitments of the Ukrainian authorities. In particular criminal liability for officials for giving false information in their statements should be introduced as early as from 2016.
- To ensure the principle of inevitability of punishment for public officials who committed corrupt crime.
- To implement the law On Transparent Financing of Political Parties.
- To carry out a judicial reform in accordance with the conclusions and recommendations of the Human Rights Agenda Platform.

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<sup>6</sup> <http://reforms.in.ua/ua/analytics>

<sup>7</sup> [http://www.transparency.org/news/pressrelease/transparency\\_international\\_calls\\_for\\_progress\\_in\\_the\\_investigation\\_yanukovy](http://www.transparency.org/news/pressrelease/transparency_international_calls_for_progress_in_the_investigation_yanukovy)

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- To reanimate the reform of the prosecutor's office by inviting to the Qualification-Disciplinary Commission (the key body for making personnel decisions in the prosecutor's office, which should start operation in April 2016), prosecutors from the EU countries, USA and Canada.
  - To implement the decentralisation reform, in accordance with the conclusions and recommendations of the Venice Commission of 24 June, 2015.<sup>8</sup> In particular, it is necessary to delegate real powers to local governments and decrease the level of their dependence on the central government.
  - To ratify the Rome Statute of the International Criminal Court in order to conduct an effective investigation into the war crimes and crimes against humanity on the entire territory of Ukraine.
  - In view of the high likelihood of early parliamentary elections; to implement the reform of the electoral law and introduce a proportional electoral system with open lists for the parliamentary elections.
  - To introduce personal responsibility of ministers and heads of parliamentary committees for the implementation of reforms in their respective fields.
  - To conduct an investigation into crimes, committed by Viktor Yanukovich and his associates, as well as to make every effort to return to Ukraine the money, illegally siphoned out from the country, by representatives of the Yanukovich regime.

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<sup>8</sup> <http://www.venice.coe.int/webforms/documents/?pdf=CDL-PI%282015%29008-e>