

Reform Progress and the Way Forward

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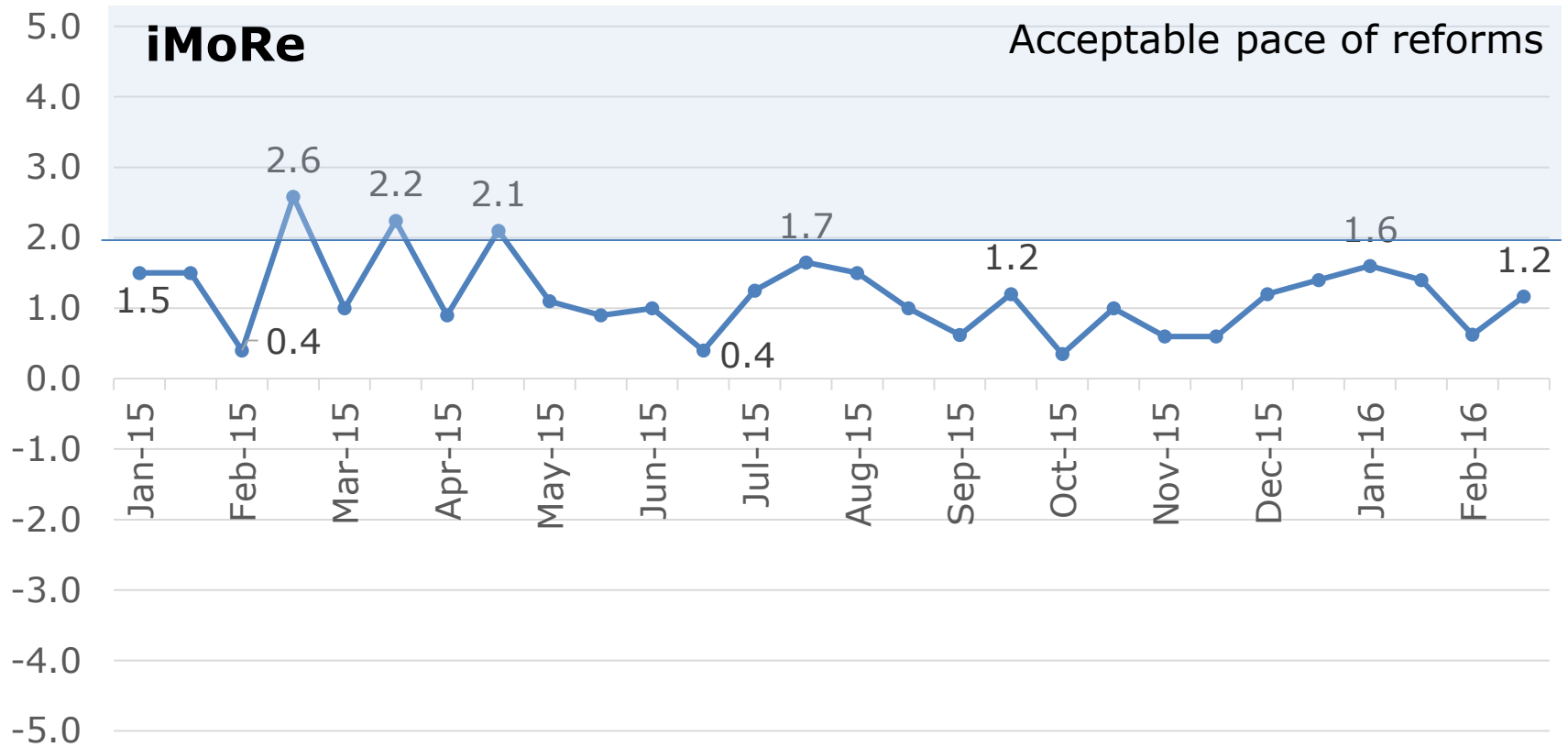
Reform Agenda

- After years of mismanagement, nearly every aspect of economic and political life in Ukraine needs reform
- The key question is **not whether** the country must implement reforms **but where** the authorities should start the process

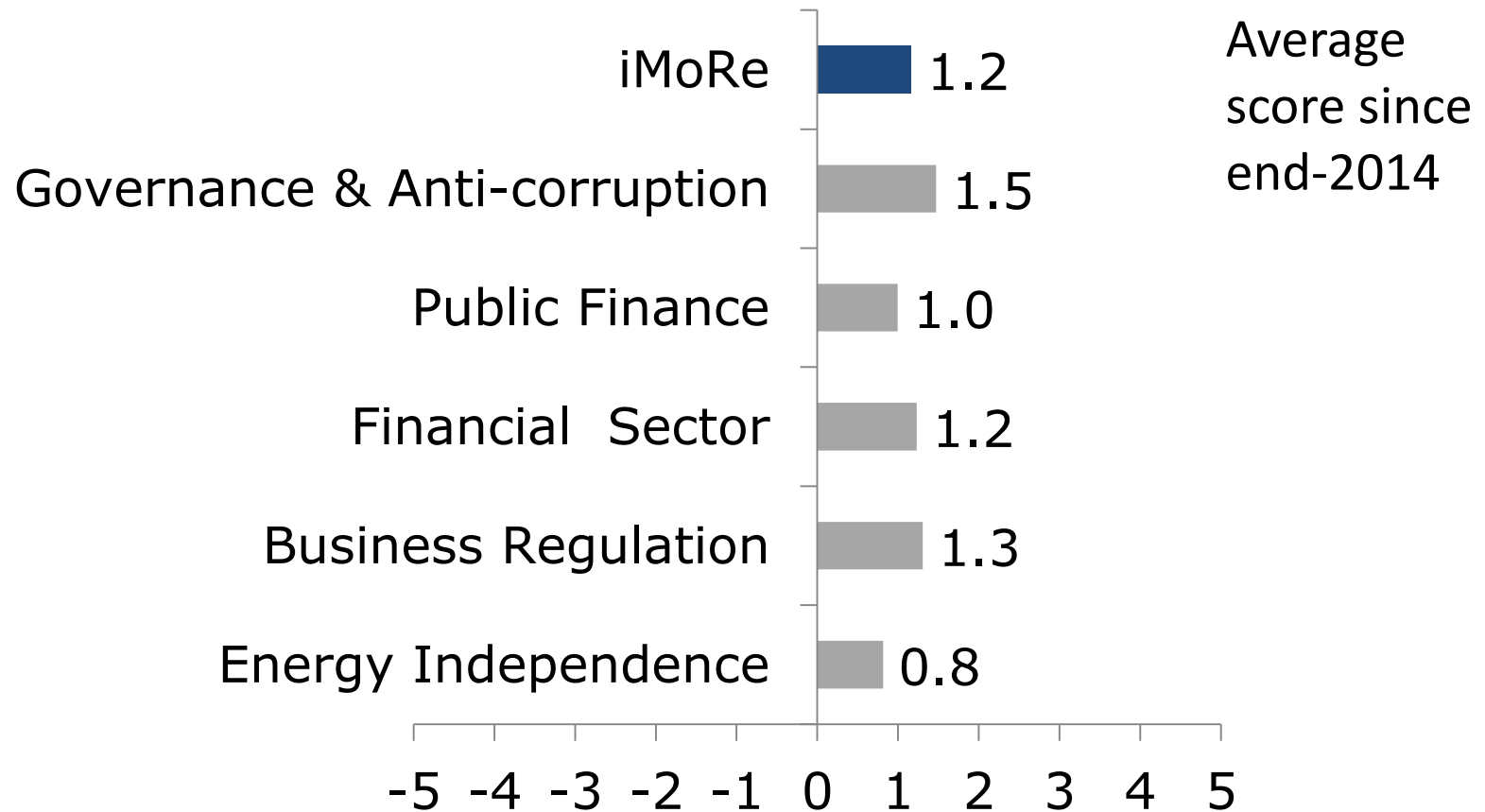
Most Pressing Areas



Progress in Reforming Legislation...



...in Key Economic Areas



Successfully Implemented Reforms



Banking Sector



Energy Sector

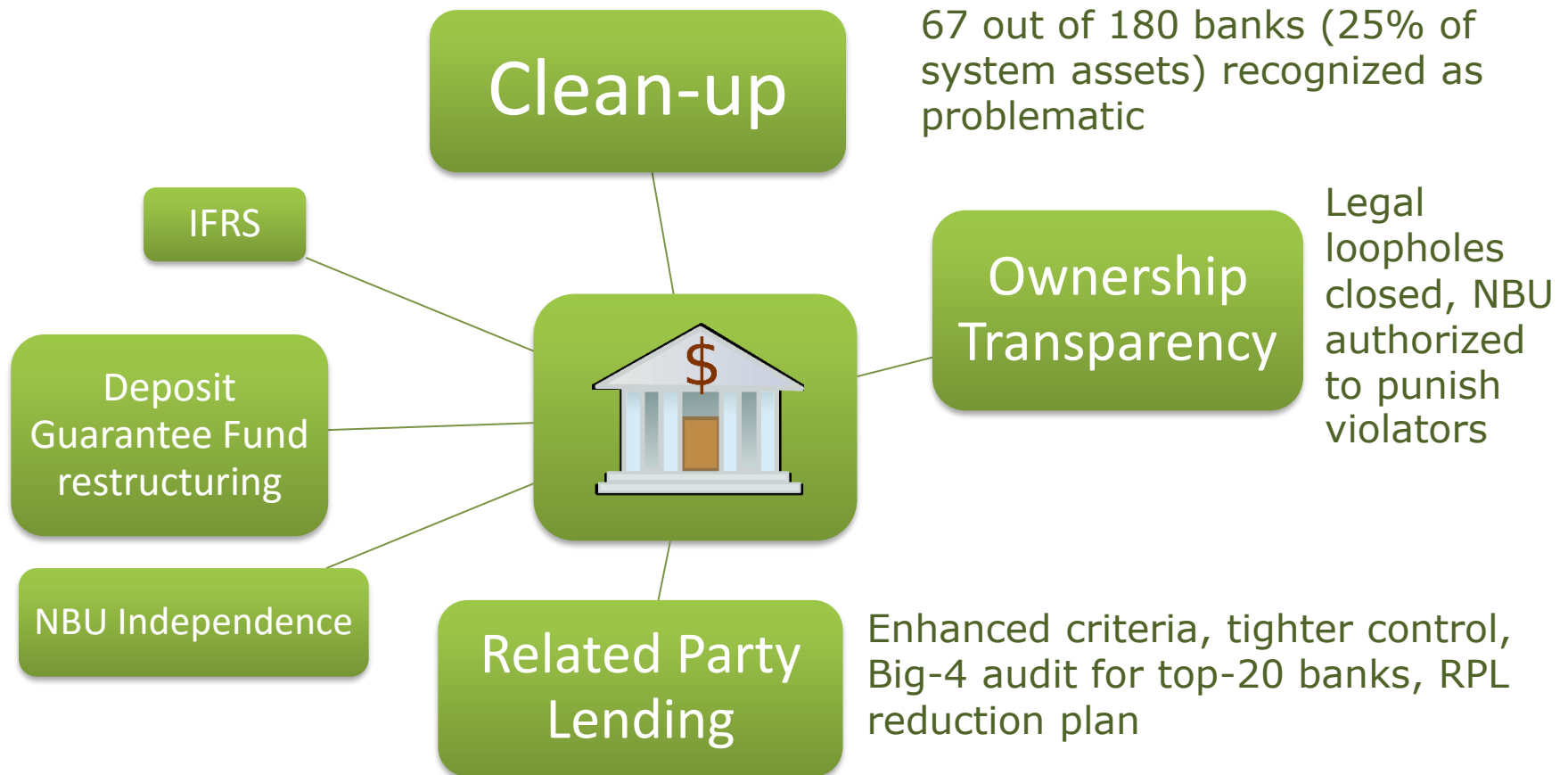


Public Procurement

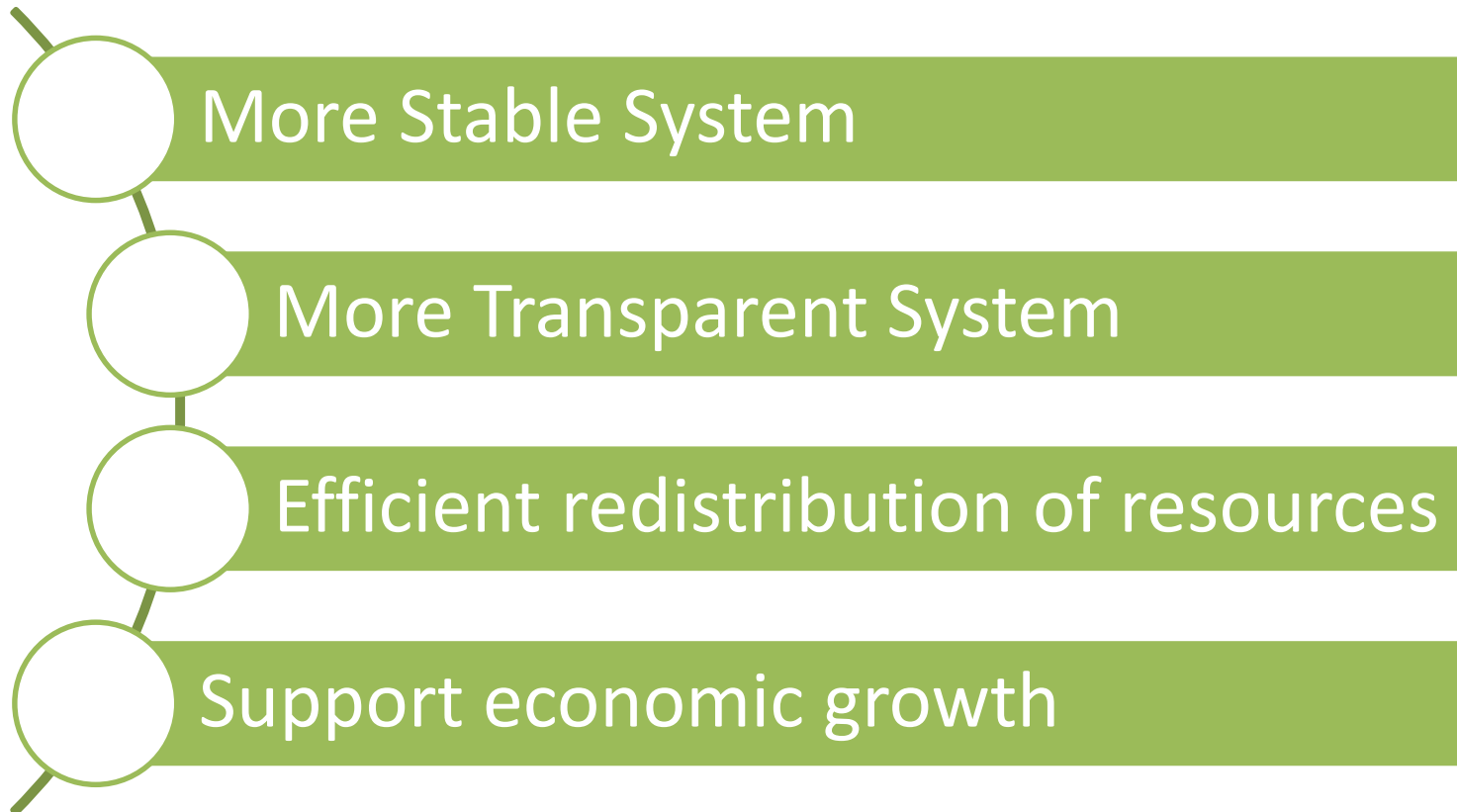


Patrol Police

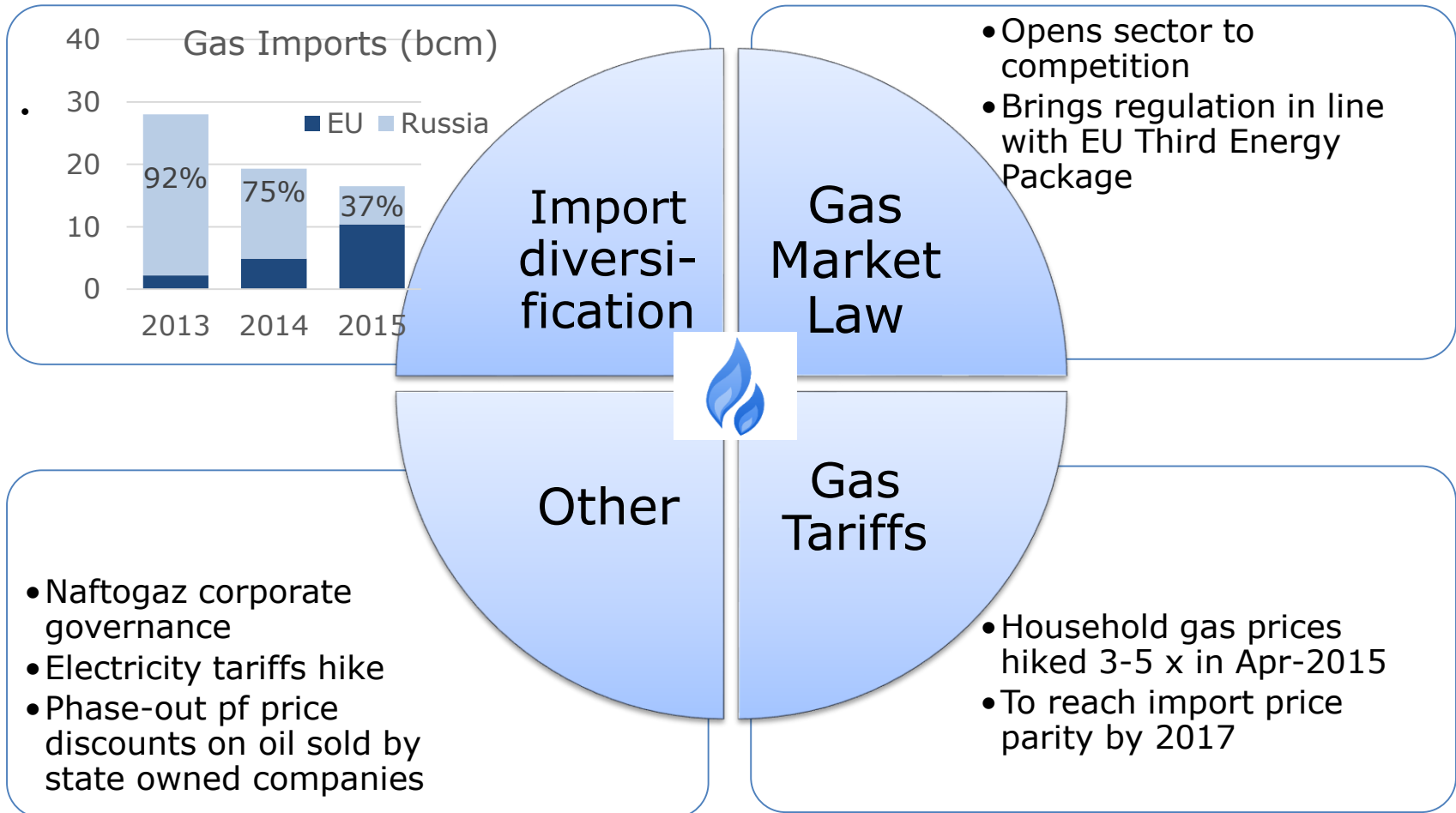
Banking Sector Reform: Key Steps



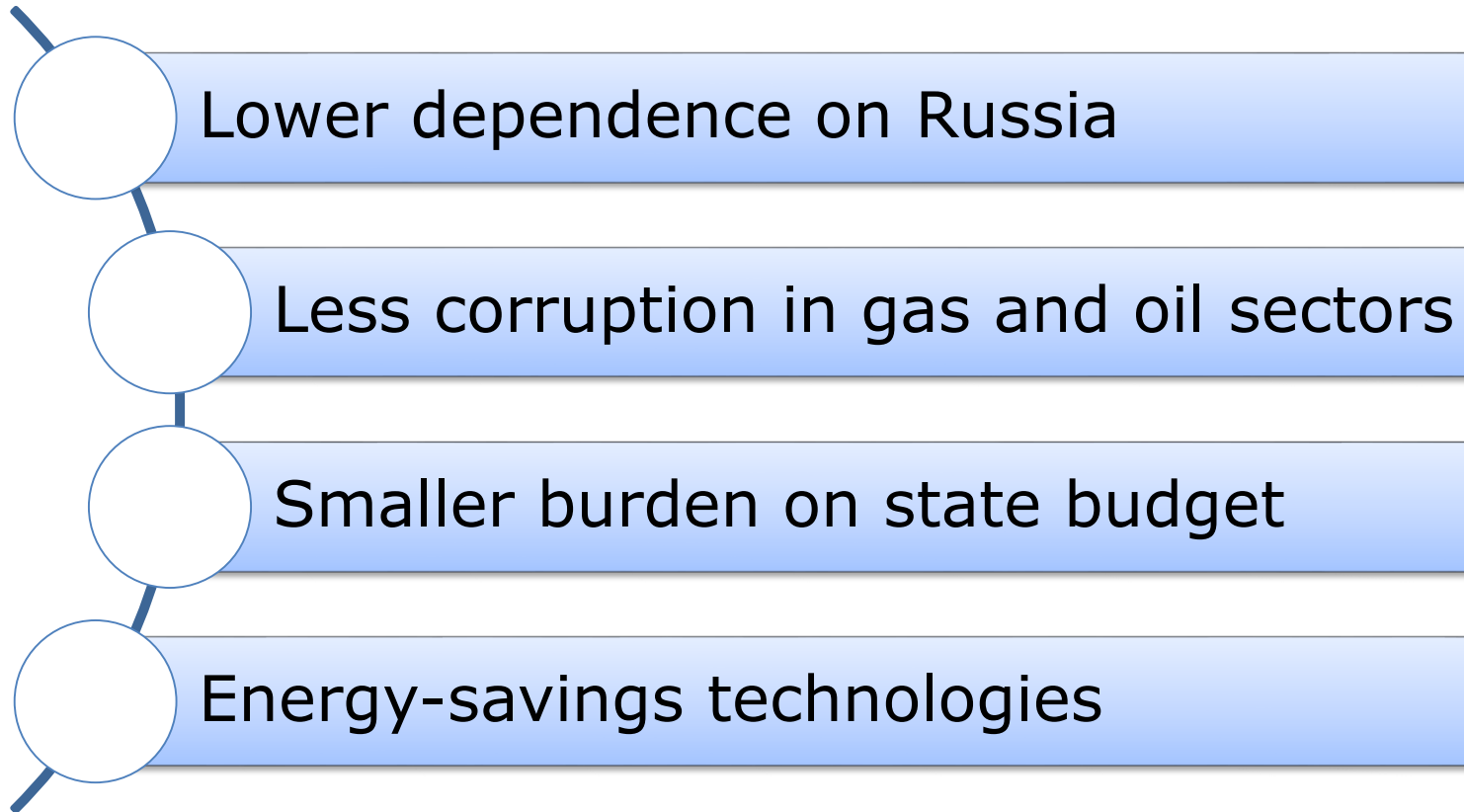
Banking Sector Reform: Impact



Energy Sector Reform: Key Steps



Energy Sector Reform: Impact



E-Procurement: Key Steps

Pilot Project

In Feb-2015 Economy Ministry partnered with a group of volunteers to launch pilot e-procurement project ProZorro.org
12-18% price reduction
EUR 20m savings

Access to WTO procurement market

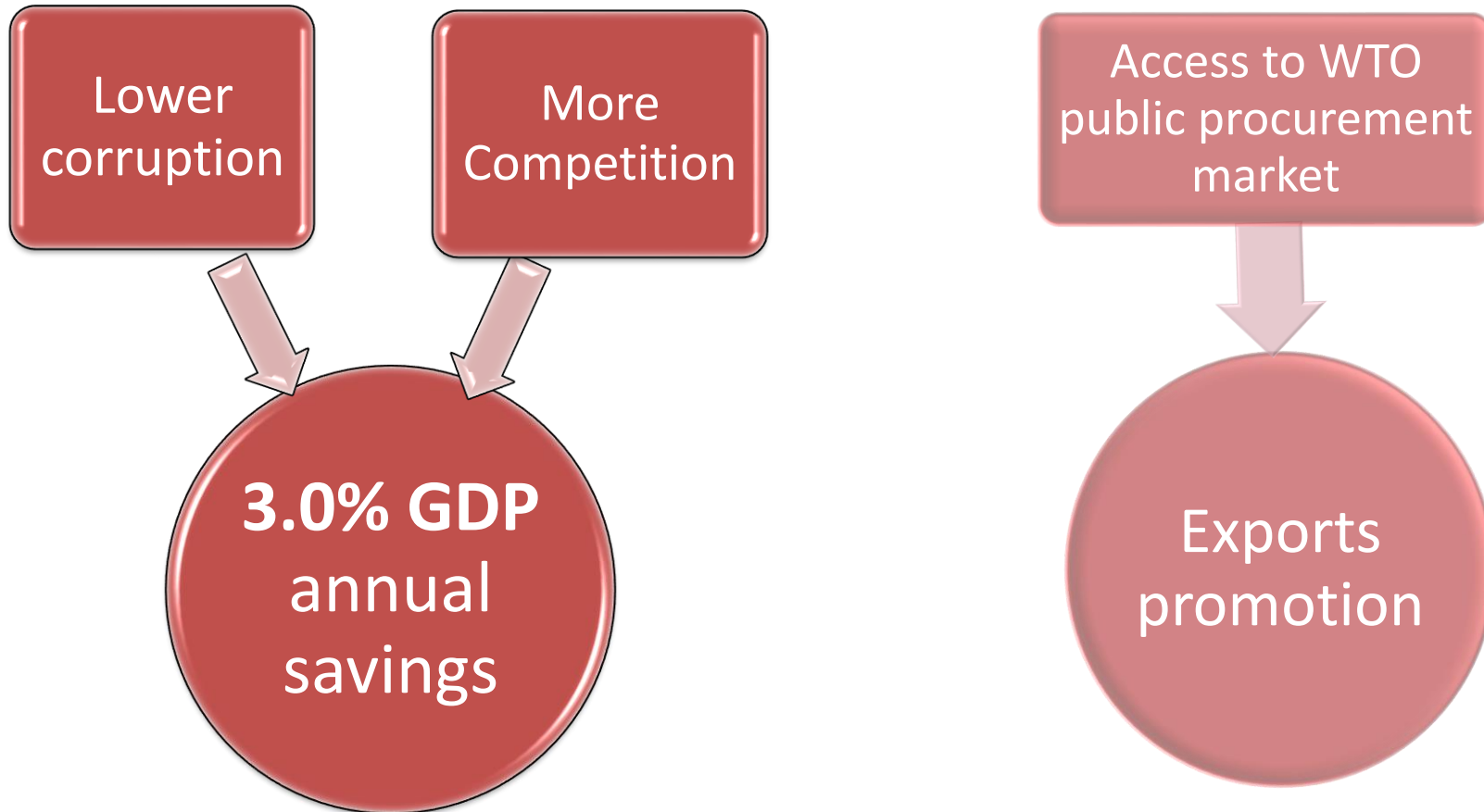
Domestic legislation harmonized with with WTO rules
Local businesses can access \$1.7trln WTO public procurement market in 2016

New legislation

New public procurement law requires expanding pilot project to all state institutions by Aug-2016



E-Procurement: Impact



New Patrol Police

Key fact

- New people selected by rigorous testing
- Three-month training, incl. by American instructors
- Decent salary (3 times that of old "militsia")
- Change in philosophy: protection, not punishment



Achievements

- Brand new institution that enjoys **strong public support**: 3rd most trusted after army and local authorities
- Perceived to be **least corrupt** state agency, while old "militsia" was perceived to be the most corrupt

Way Forward



Judicial system and prosecutor office

- Most corrupt institution based on popular opinion
- The major bottleneck for investment and business development



Civil service

- New reform-minded people at the top level only
- Most of the civil servants are incompetent/corrupt and low-paid people
- Overlapping and redundant functions



State-Owned Enterprises

- One of the major sources of corruption and waste of state funds
- Reform and privatization stalled by vested interests