

# Reform Progress and the Way Forward

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**78<sup>th</sup> East Jour Fix of the ONB and WiiW  
“Ukraine-Progress of Reforms and Challenges Ahead”**

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# Reform Agenda

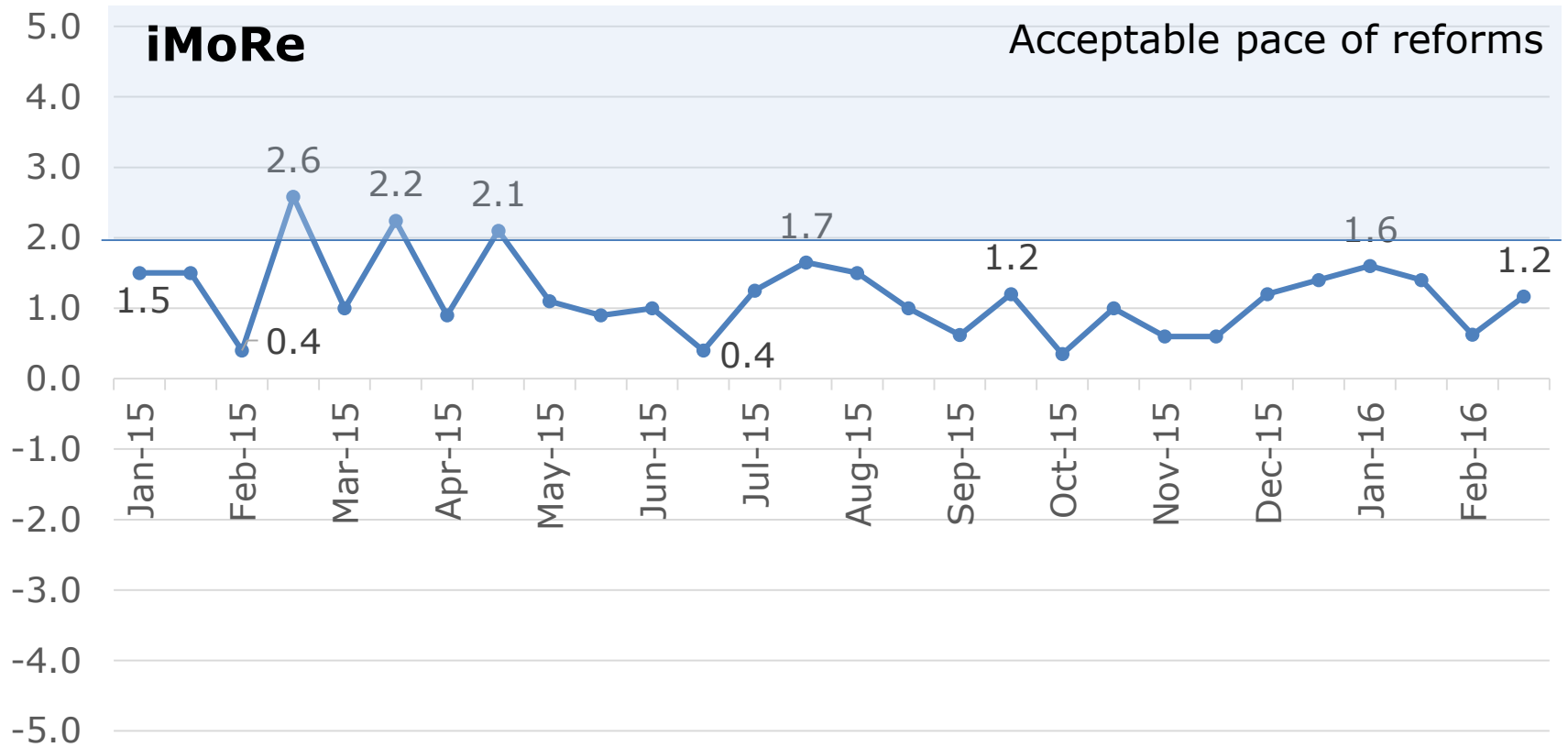
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- After years of mismanagement, nearly every aspect of economic and political life in Ukraine needs reform
- The key question is **not whether** the country must implement reforms **but where** the authorities should start the process

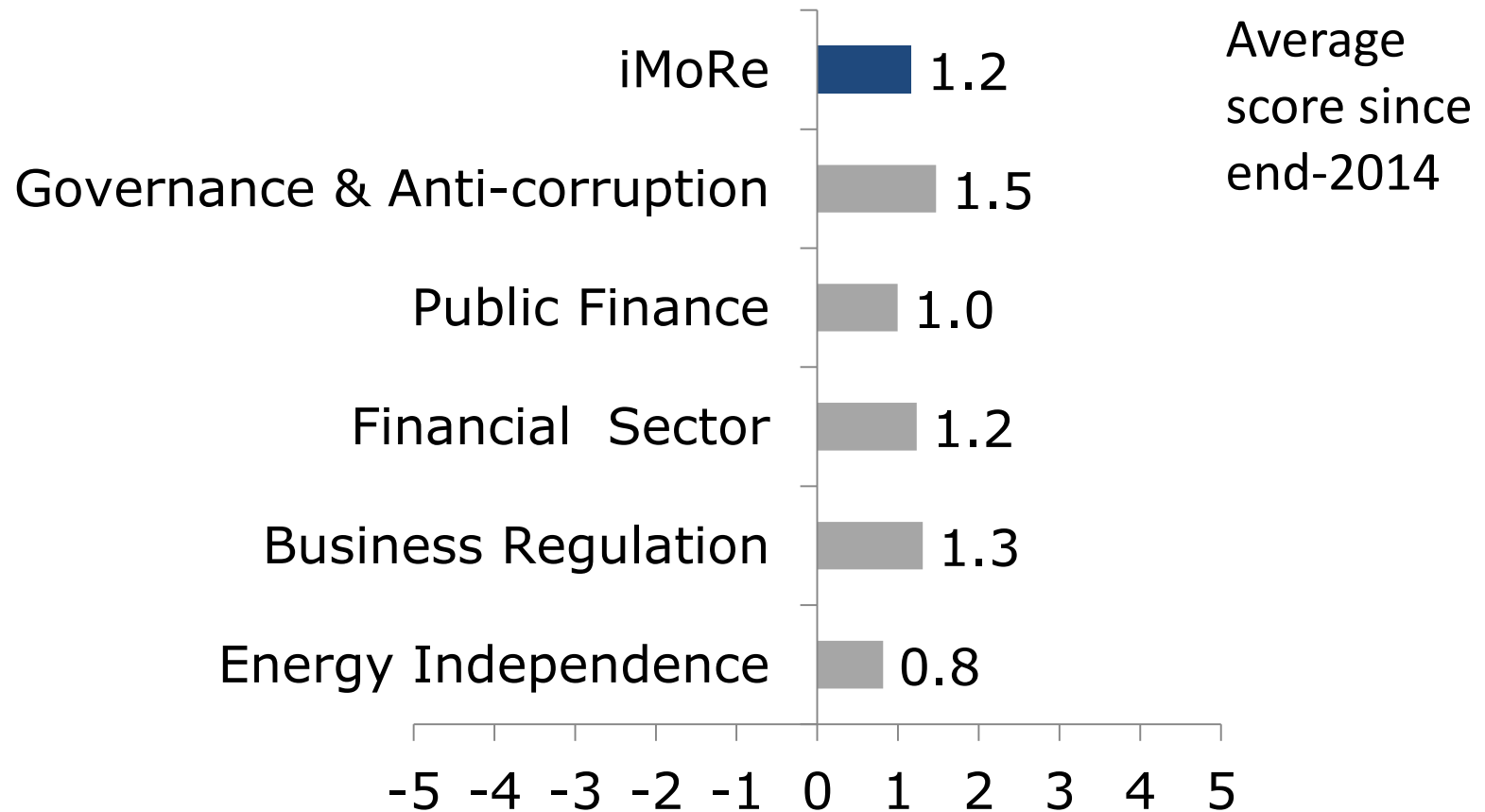
# Most Pressing Areas



# Progress in Reforming Legislation...



# ...in Key Economic Areas



# Successfully Implemented Reforms



Banking Sector



Energy Sector

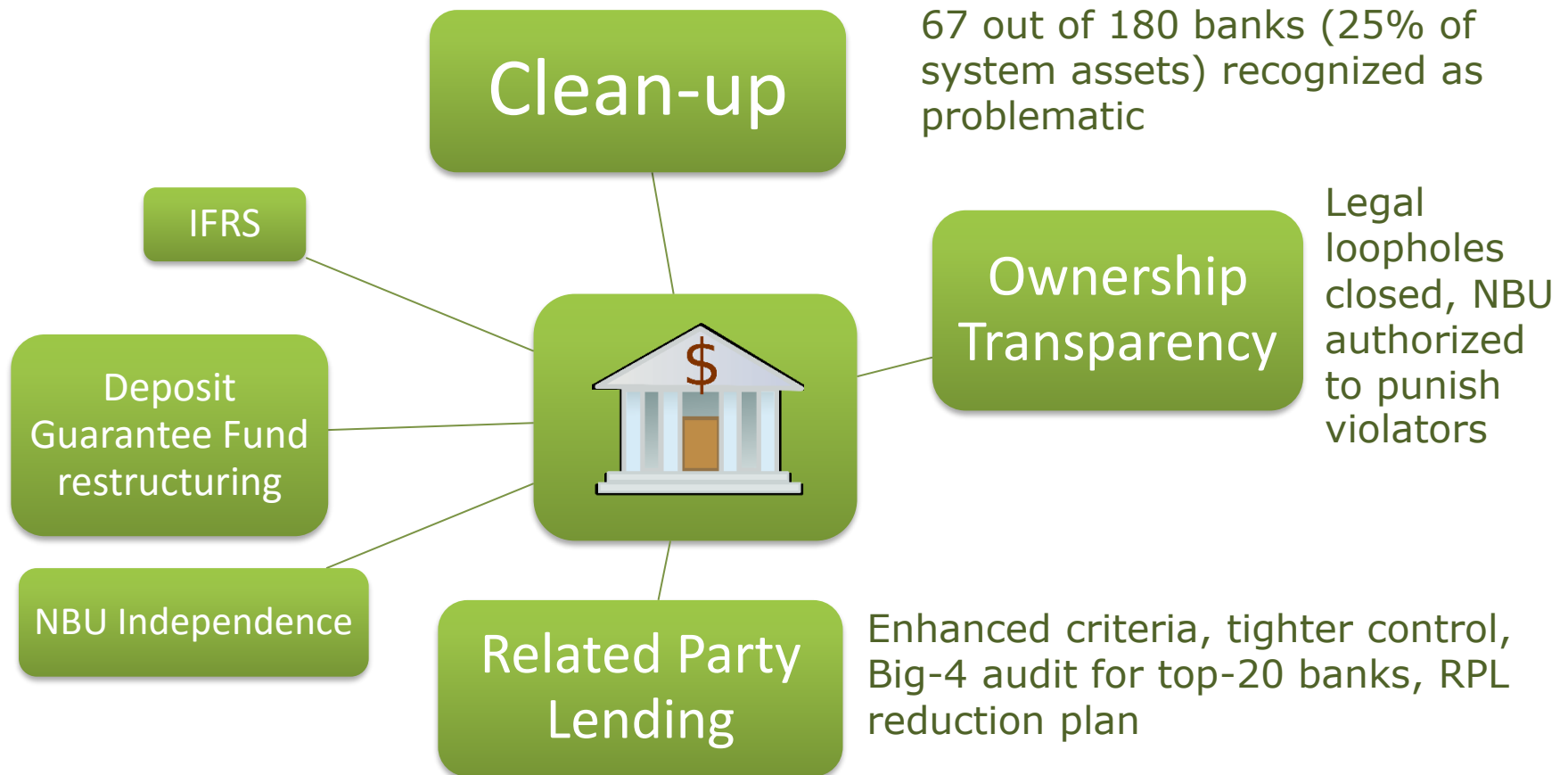


Public Procurement

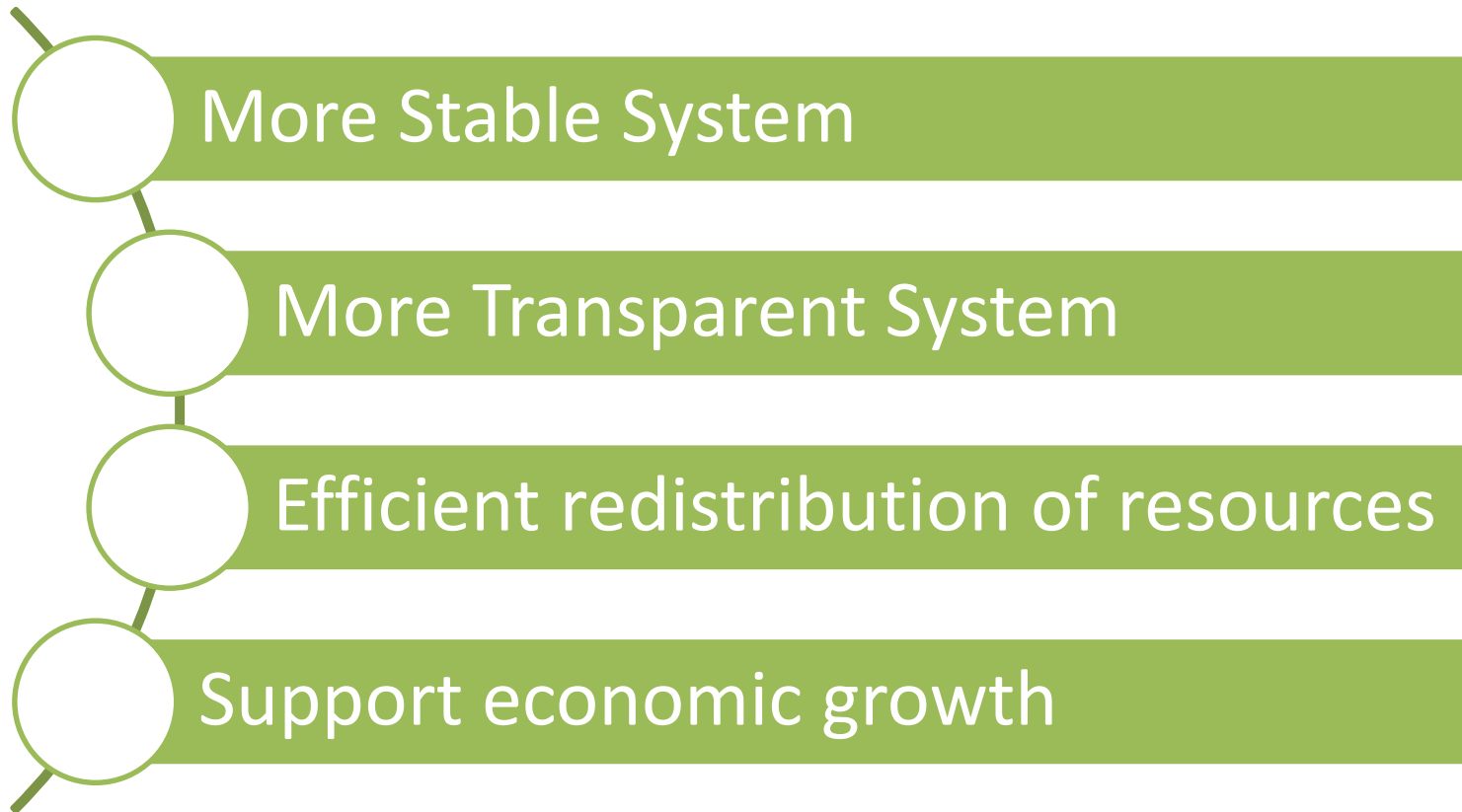


Patrol Police

# Banking Sector Reform: Key Steps

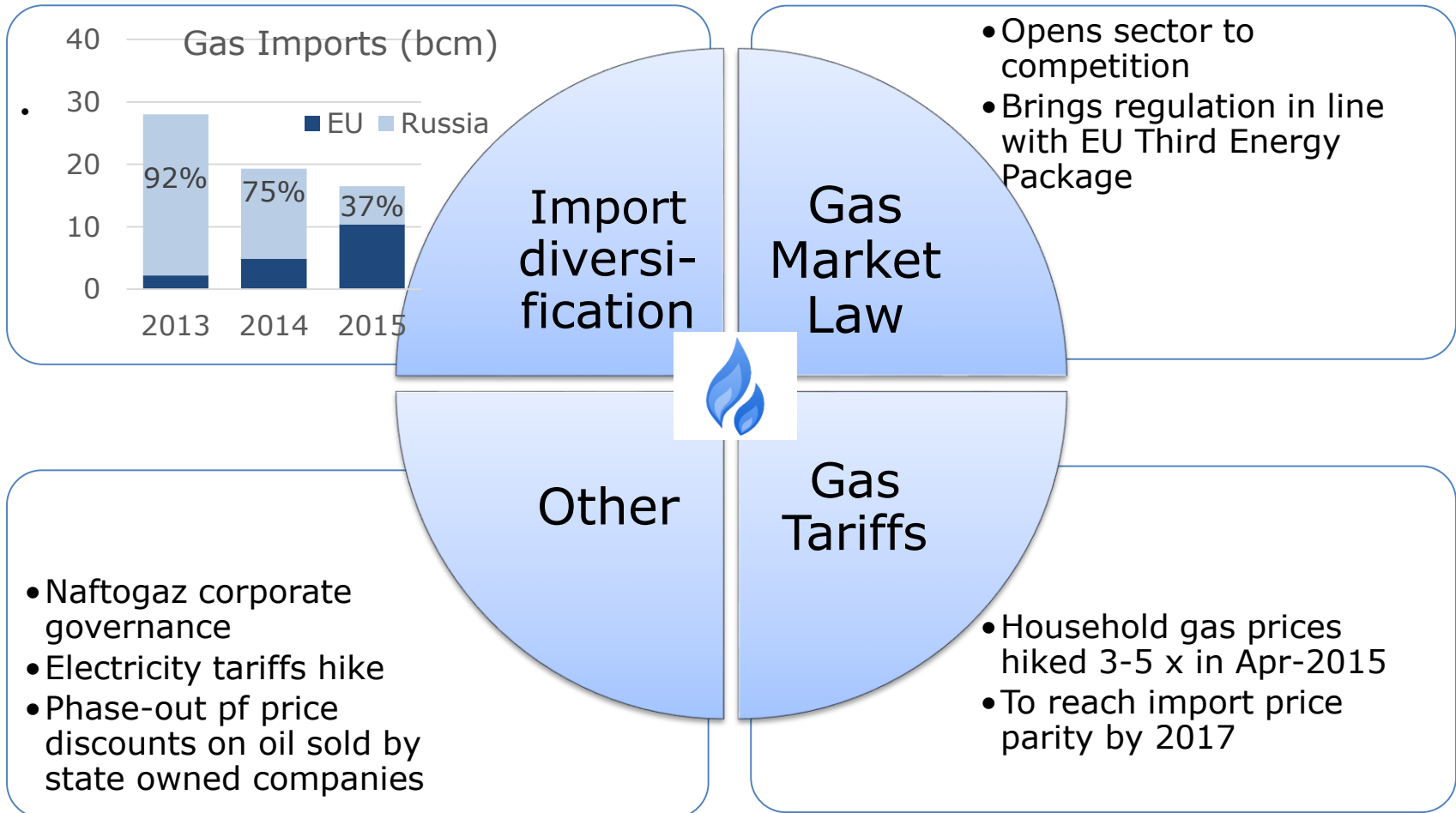


# Banking Sector Reform: Impact

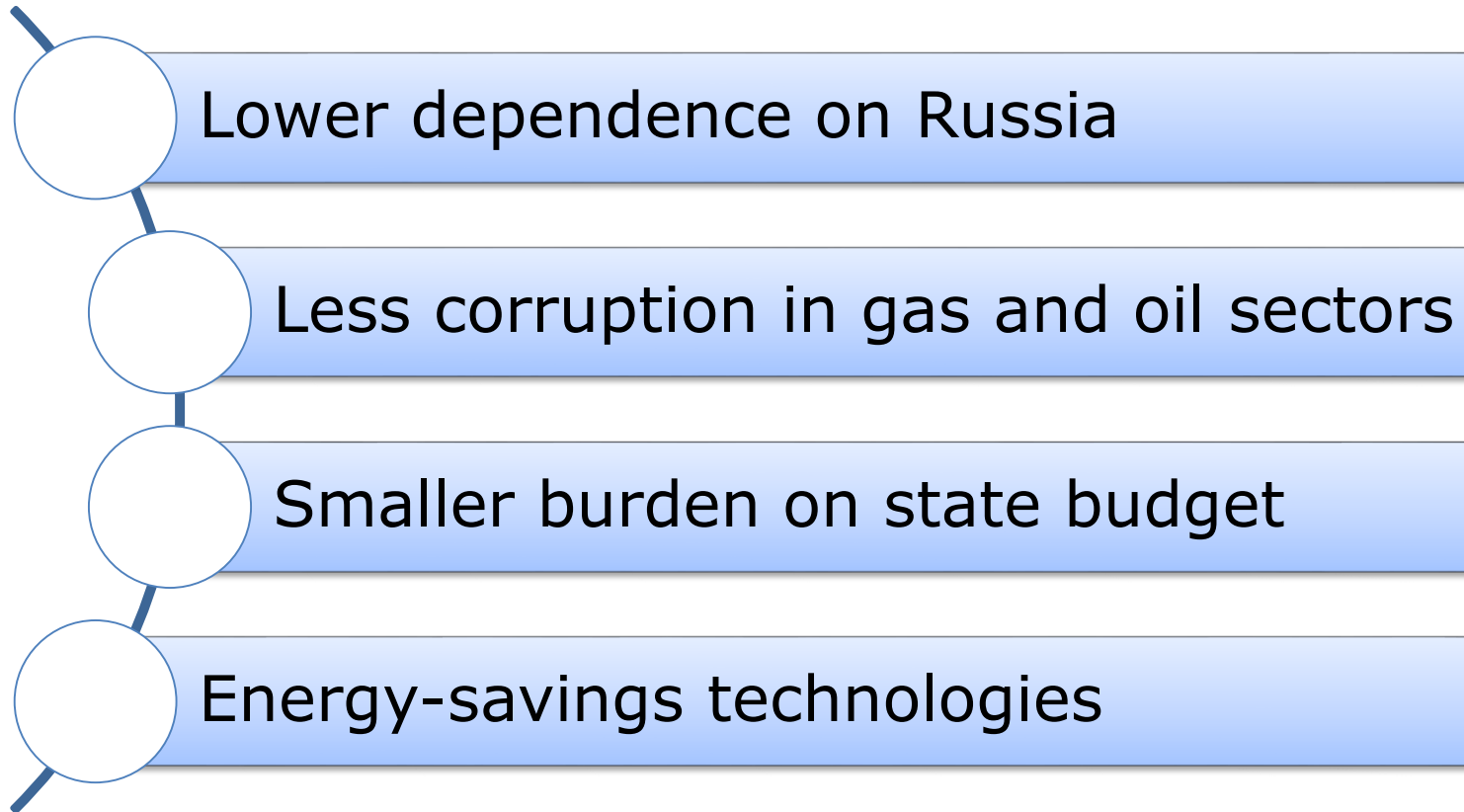




# Energy Sector Reform: Key Steps



# 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

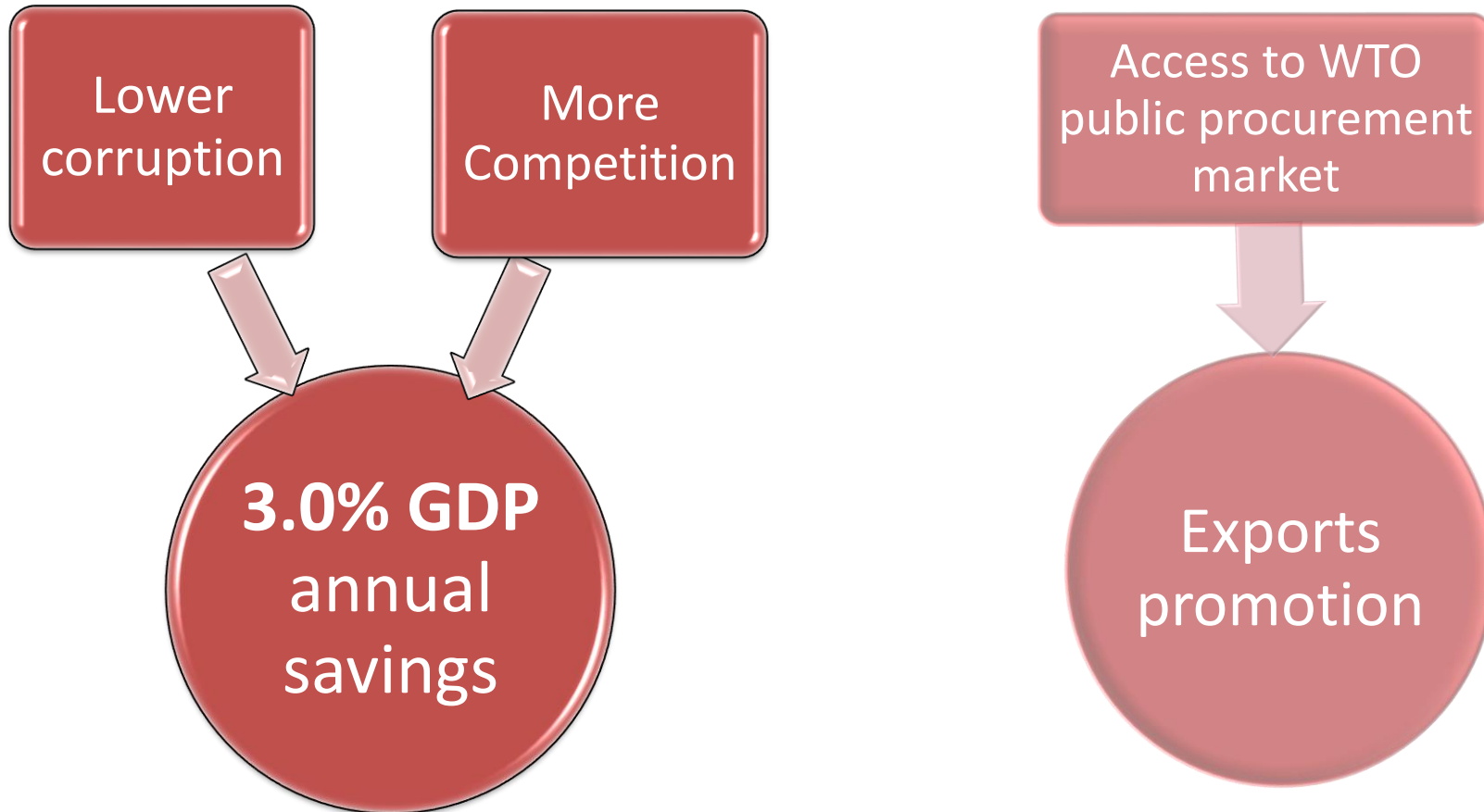
Domestic legislation harmonized with with WTO rules  
Local businesses can access \$1.7trln WTO public procurement market in 2016

## 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**: 3<sup>rd</sup> 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