



## IMPROVING REGULATION BY ESTABLISHING PARTNERSHIP BETWEEN GOVERNMENT AND BUSINESS



October 2018

# BRDO INTELLIGENCE FACTS, OPINIONS, ANALYTICS



Ukraine ranked 71st in the Doing Business rating. We improved our position by 5 points. The driving force of this year's growth is "Trading across borders", "Enforcing contracts", "Dealing with construction permits" and some other components. This is good, but not so much as would be desirable, as we still rank below 70th. We have a lot that we need to work on.



According to the "Regional Doing Business 2018" rating, Vinnytsya and Frankivsk regions are the most comfortable regions for doing business in Ukraine. The rating has been prepared by the BRDO Office and the Union of Ukrainian Entrepreneurs (SUP) for the second consecutive year. Three leaders got the following amount of points out of possible 600: Vinnytsia region – 334, Frankivsk region – 332 and Zhytomyr region – 313. The regions were assessed using the adapted World Bank's methodology based on a survey of domestic entrepreneurs. More information about the rating is available at [rdb.brdo.com.ua](http://rdb.brdo.com.ua).



In Ukraine, business inspections will be more transparent and risk-oriented in 2019. On October 17, the Better Regulation Delivery Office (BRDO) with the support of the EU4Business/FORBIZ initiative presented the first Inspection reform results and further steps of its implementation at the Inspection Forum #PEREVIROK.NET, which takes place in Kyiv as part of the European Entrepreneurship Week. The forum was attended by the Prime Minister of Ukraine Volodymyr Hroisman, the EU Ambassador to Ukraine and Head of the EU Delegation to Ukraine Hugues Mingarelli and many other government, business and public representatives. Read more [here](#).



In October, draft plans of business inspections for 2019 as well as a draft plan of integrated inspections were [published on the Inspection portal](#) [inspections.gov.ua](http://inspections.gov.ua). You can find out more about it here: [go to the plan](#).



The Cabinet of Ministers approved the new risk assessment criteria for another 10 sectors as part of the inspection reform. They include nuclear and radiation hazards, urban development activities, industrial catch of aquatic bioresources, education activities, which are subject to licensing, cryptographic protection and technical information record, subsoil exploration and use and others. How will it benefit the country? First of all, they will allow to start the full implementation of a risk management system. That is, inspections will be based on these new criteria. In addition, they will positively influence the development of the market environment and help to balance interests of consumers and responsible businesses.



From now on, starting a business in Ukraine is not a challenge any more! Bringing it into reality and creating a more favorable business climate in the country is the BRDO Office's goal and one of the Government's priorities. A year ago, the Better Regulation Delivery Office presented a *PRO Platform* for more effective online interaction between the state and businesses. Today, the public *Start Business Challenge* information service contains already 100 business cases with step-by-step instructions to start own business, and entrepreneurs can obtain all the necessary reliable information for business registration in one place quickly and free of charge. Read more about the news [here](#).



A concept of state policy on virtual assets developed with the participation of the BRDO Office was released for comments. The BRDO experts estimated that the daily cryptocurrency/hryvnia trading volumes amounted to \$2 million per day on the major exchanges. The size of the Ukrainian mining segment was \$100 million a year. As for ICO projects with Ukrainian founders/teams, it was more than \$100 million in 2017-2018. What will change after the adoption of the concept? It will create clear conditions for the market! In particular, provisions of the Directive 2018/843/EU will be implemented in two stages. The market will have the opportunity to take advantage of banking services and legal protection, while the state will receive taxes and statistics, and consumers – protection of rights. Details [here](#).



By the way, BRDO experts applied to the State Statistics Service to get an official explanation regarding mining KVEDs. So, the answer is the following: the KVED for mining is 64.19 "Other monetary intermediation". However, cryptocurrencies are not money, and this was confirmed by financial regulators in 2017, therefore, in the BRDO team's opinion, another KVED such as 63.11 "Data processing, ICT hosting services and related activities" would be the best option. The State Statistics Service justifies its position by the preliminary studies of the EU Statistical Office's (Eurostat) working group. Read more [here](#).



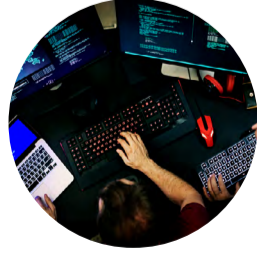
The Ministry of Regional Development approved the procedure (developed by our experts) necessary for operators to access infrastructure facilities. This is the Procedure for charging fees for access to infrastructure elements of construction facilities. Both the market and millions of potential Internet users who currently do not have access to it are waiting for the approval of several such procedures. Read more [here](#).



The BRDO Office has developed a draft law "On Packaging and Packaging Waste" providing for that producers and sellers will be not allowed to distribute plastic bags free of charge, and there will be a certain fee for their distribution. This will encourage Ukrainian citizens to treat the environment more carefully. Read more at [here](#)



It is planned to increase the road fund financing by 10 billion, and it may amount to 55 billion UAH in 2019. Annual repair needs amount to 150 billion UAH, which is 15% of the country's budget while being an extremely high sum of money. To control the transparency of using road funds, BRDO together with its partners will soon launch a new service as part of <https://regulation.gov.ua>. Based on ProZorro and E-data open data, we will analyze the announced tenders, successful tenderers and actual payments for the work performed. The portal will also provide opportunities for operational control over tendering processes and fraud signs.



According to BRDO experts, the IT industry will contribute 10 billion hryvnias to the Ukraine's budget in 2018. In particular, in Ukraine, the importance of IT services in the Ukrainian export structure as well as the IT industry's human capital has grown. Only last year over 27 thousand specialists were employed in the IT industry. The full version of the study is available [here](#).

## IMPROVING REGULATION IN UKRAINE

BRDO is an independent think tank. Our mission is to promote effective regulation and economic freedoms in Ukraine with a focus on small and medium sized enterprises as important drivers of growth. BRDO is supported by a growing number of partners and donors, including the European Union's EU4Business Program (FORBIZ project) implemented by GFA Consulting Group, GIZ International Services, and Berlin Economics GmbH, the Embassy of the Kingdom of the Netherlands (MATRA program), EDGE – Expert Deployment for Governance & Growth Project (Agriteam Consulting/Global Affairs Canada), and the World Bank.

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