

BETTER REGULATION DELIVERY OFFICE 2017

INSIDE YOU WILL FIND
INFORMATION ON
IMPORTANT THINGS >>

The Better Regulation Delivery Office (BRDO) was established in November 2015 to promote the creation of effective regulation and better economic freedoms in Ukraine (with priority for small/medium businesses).

For this purpose, we are implementing an inclusive and open process to optimize regulatory relationships that will lead to mutual trust and partnership between the state and business.

KEY PRIORITIES OF OUR ACTIVITY IN 2017 WERE:

1 Building a public dialogue between the government and business

2 Organizing and holding deregulation meetings of the CMU to promote decisions for SMEs

3 Developing the inspection reform

4 Developing projects to improve the investment attractiveness of Ukraine

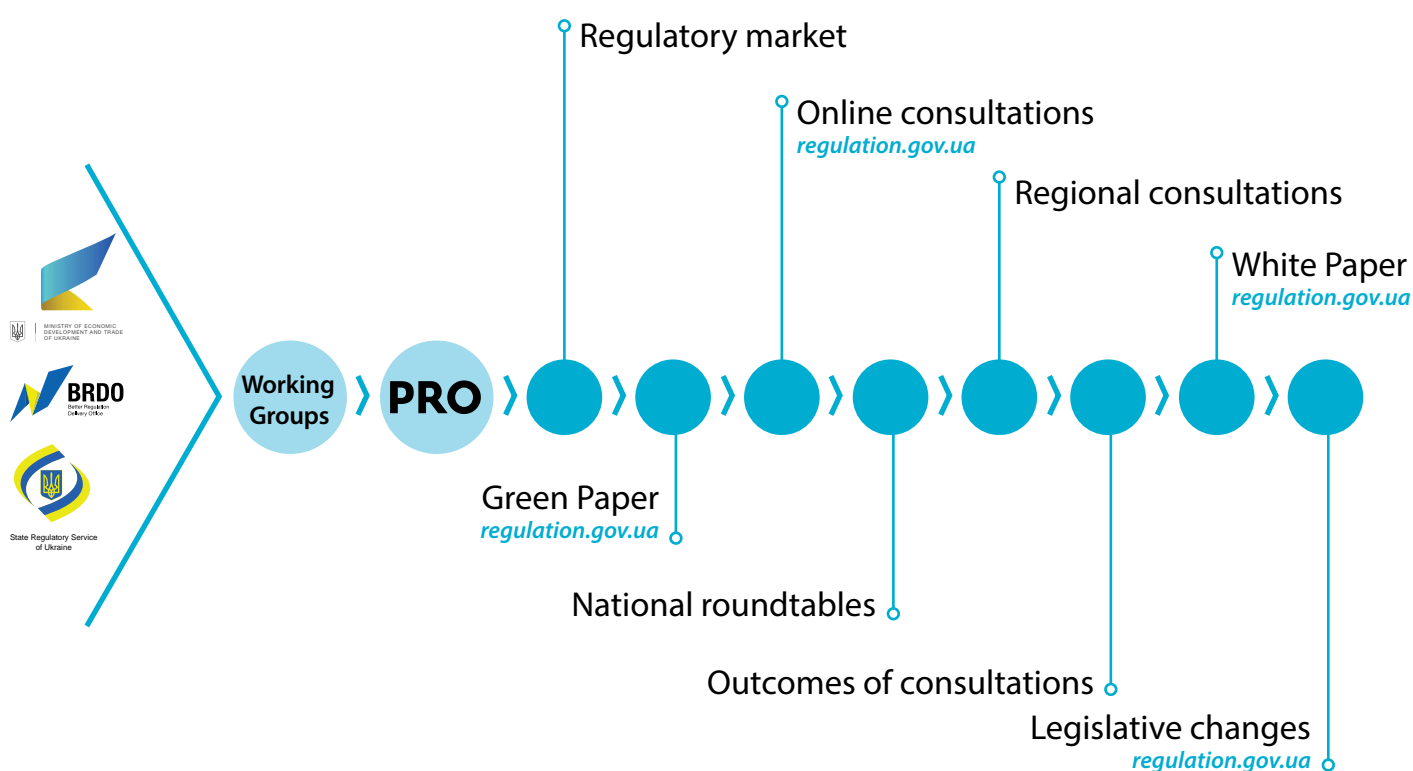




PUBLIC DIALOGUE

BRDO together with the MEDT and the SRS supported by the FORBIZ project as part of the EU4Business initiative launched the **PRODialogue**.

It aims at involving all stakeholders in reviewing regulatory decisions and finding ways to resolve them.



21 comprehensive market
researches

>700 stakeholders
involved

20 roundtables held

>4 million is the audience
covered by media



MARKETS REVIEWED

IT:

- the software development market
- the market for mobile payments
- the fixed broadband market

TRANSPORT:

- the market of cargo river transportation

METHODS OF REGULATION:

- restricting access to markets
- self-regulation

ENERGY:

- the energy efficiency market
- the retail gas market
- the retail electricity market

AGRICULTURE:

- the wood market
- the grain market
- the nuts market
- the market of production and circulation of organic products

CONSTRUCTION:

- the ceramic tile market
- the concrete market
- the cement market
- the market of construction metal structures
- internal engineering networks
- regulation of construction on territories of historical heritage sites



MISSION OF THE PLATFORM

Creating the basis for effective regulatory decisions through communication between the government and business



PLATFORM GOALS

- Increasing the number of SME representatives in the country
- Involving businesses in the process of development of regulatory decisions
- Starting a business in 10 days (with step-by-step instructions on a single page)

WHAT WILL BUSINESSES GET?



Opportunities to influence the regulatory policy



The convenience of starting a business online (*22 business cases with step-by-step instructions to open a business have been already published*)



Easy access to information on:

- Inspections
- Getting permits

WHAT WILL GOVERNMENT BODIES GET?



Conducting the RIA in a convenient way



Calculations of business expenses resulting from regulatory acts



Conducting SME-tests



Calculations of government expenditures on administration



Market regulation analysis

#STARTBUSINESSCHALLENGE

On September 20, BRDO introduced the Platform for Effective Regulation PRO designed for a qualitatively new format of government-business interaction online. As part of StartBusinessChallenge, BRDO gathered together government representatives establishing rules for businesses and entrepreneurs working under these rules to improve the business environment in Ukraine by joint efforts.

The today's PRO Platform allows users to get detailed instructions on starting their own business in 22 most popular areas. In particular, they include a restaurant, a taxi service, a private kindergarten, a mini bakery, a family doctor's office, an Internet service provider, a charging station for electric vehicles, training courses, a green power plant, etc. Each case is the result of a comprehensive examination of business segment issues based on the inventory and the analysis of legal requirements, consultations with state government bodies and businesses on existing procedures and peculiarities of their compliance.

Vinnytsya was the first city that joined to the PRO Platform and made a regional StartBusinessChallenge presentation.



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PRO | PLATFORM
FOR BETTER
REGULATION



Charging units for electric cars



Foreign language courses



Photo studio



Energy service company



Restaurant



Taxi



Mini bakery



Family doctor's office



Mini-market



Car wash



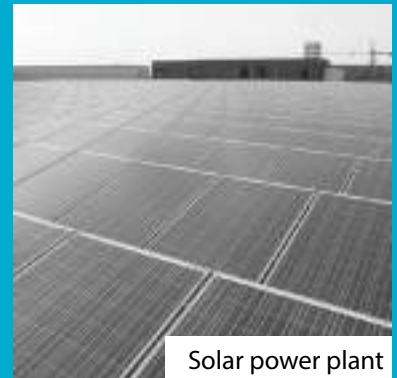
Internet service provider



Beauty salon

#STARTBUSINESSCHALLENGE

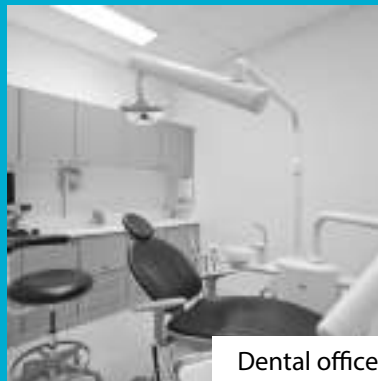
INSTRUCTIONS ON STARTING
22 TYPES OF BUSINESS ALREADY
PUBLISHED



Solar power plant



Mini-hotel



Dental office



Farm (organic crop farming)



Drugstore



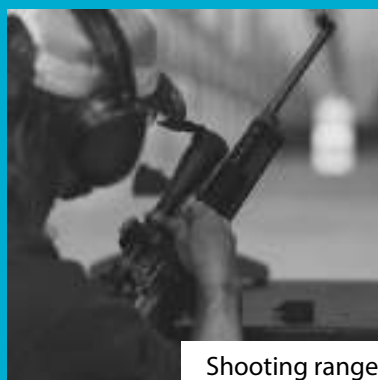
Farm (organic livestock farming)



Kindergarten



Production of nuts



Shooting range



Sawmill

DECISIONS FOR BUSINESSES: DEREGULATION

These decisions for businesses were prepared by BRDO experts and approved by the Cabinet of Ministers in 2017



CANCELLATION OF ILLEGAL STATE CONTROL PROCEDURES AND RISK ASSESSMENT CRITERIA

- 23 illegal CMU resolutions
- 21 illegal acts of various CEBs
- Determining the non-conformity of 7 acts of bodies, which are independent from the CMU
- Bringing 3 CMU resolutions into conformity with the law



CREATING AN INTEGRATED AUTOMATED SYSTEM OF STATE SUPERVISION (CONTROL)

- The ability to monitor the number and results of activities of supervisory (control) bodies
- Legal grounds for the System's specification and creation
- Compliance with requirements of the Law of Ukraine No. 1726-VIII
- It is planned to integrate the System with the Unified State Register and the Unified State Register of Regulatory Legal Acts



IMPROVING RULES OF ISSUING PERMITS FOR SPECIAL WATER USE

- Time and money savings for 16,000 enterprises-water users
- Reducing the workload pressure on licensing authorities
- Reducing corruption risks



DEREGULATION IN MIGRATION AND EMPLOYMENT

- The CMU Resolution No.437 of 27/05/2013 is abolished



HARMONIZING LAWS ON INDEFINITE VALIDITY OF CONSTRUCTION LICENSES

- Increasing legal certainty
- Reducing the number of court disputes related to conflicts of law
- Reducing the procedure duration by 3 times



LIBERALIZATION OF THE USE OF CASH REGISTERS

- Reducing administrative pressure for business entities
- One business entity will save 22,735 hryvnas
- The whole economy will save 34,102,500 hryvnas



CANCELLATION OF PENALTIES FOR VIOLATION OF RULES ON CASH CIRCULATION REGULATION

- The following fines are canceled:
 - fines for exceeding established limits on cash in hand
 - fines for non-receipt (partial receipt) of cash in registers
 - fines for using cash from proceeds from the sale of products (works, services) and other cash receipts for paying wages
 - fines for exceeding established terms of use of cash made as an advance
 - fines for conducting cash transactions without submitting a payment document by a recipient of funds
 - fines for using cash funds received in a bank for purposes other than intended



ESTIMATION OF RESERVES OF MINERAL DEPOSITS

- Reducing business expenses



PROVIDING AN OPPORTUNITY TO DEVELOP THE MARKET OF MOBILE FINANCIAL SERVICES

- Investments of mobile operators in the development of the market of mobile financial services
- Improving competition in the market of financial services
- Increasing the percentage of cashless payments (cashless economy development)
- 7.9 million subscribers who use mobile financial services in 2 years



CUSTOMS CLEARANCE OF GOODS IN PORTS

- Speeding up control procedures in seaports
- Reducing the time spent by SFS employees
- Minimizing the human factor and opportunities for corruption



SIMPLIFYING THE PROCEDURE FOR SETTING UP FOREIGN ORGANIZATIONS IN UKRAINE

- Simplifying the procedure for establishing and operating representative offices of foreign companies and financial institutions



PROVIDING PUBLIC ACCESS TO INFORMATION ON URBAN PLANNING DOCUMENTATION

- Getting information about urban planning documentation in a few minutes
- Possibility of operational definition of territories of investment interest
- Obtaining public access to information concerning 29.5 thousand settlements



REDUCING THE LIST OF DUAL-USE GOODS

- Simplifying the process and increasing the volume of dual-use goods exports
- Reducing government expenditures on control/permitting procedures



DEBUREAUCRATIZATION IN PRICING ON FOOD PRODUCTS

- Reducing bureaucracy and administrative pressure on businesses
- Cancelling existing corruption schemes in the food industry
- Creating conditions to increase investments in the food industry
- Declining in inflation in the long term



RULES FOR DEVELOPMENT OF OIL AND GAS FIELDS

- A national regulatory regime that takes into account aspects of geological surveys, development of deposits of non-traditional hydrocarbon systems as well as makes the procedure for issuing permits clearer has been updated
- Reducing legal uncertainty and, as a consequence, corruption risks



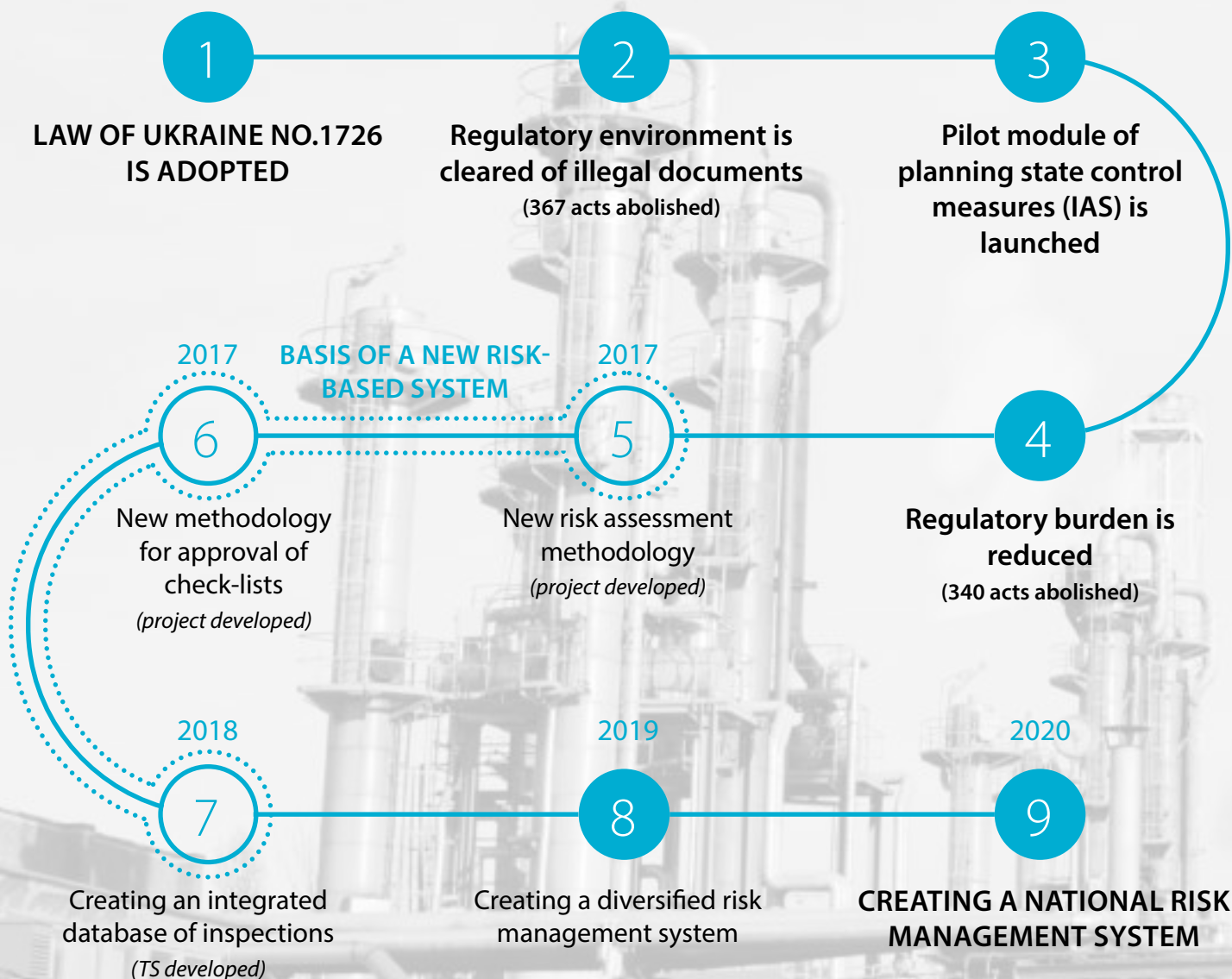
CLEARING THE REGULATORY ENVIRONMENT

- Reducing regulatory pressure on businesses
- Reducing the risk of committing corruption acts

INSPECTION REFORM

We consider the inspection reform as one of the main reforms, which is expected by the **Ukrainian business!** This year, we succeeded in abolishing 340 illegal regulatory documents and developing a comprehensive concept of the supervision and control system reform that will help move the country to a reputational model of economy and create a national risk management system for the first time in Ukraine

STAGES OF TRANSITION TO RISK MANAGEMENT SYSTEM



IAS

(INTEGRATED AUTOMATED SYSTEM OF STATE CONTROL AND SUPERVISION)



**ALL (COMPREHENSIVE
AND ANNUAL)
INSPECTION PLANS
ONLINE**



**ALL REGULATIONS
AND BUSINESS
REQUIREMENTS TO BE
INSPECTED IN ONE PLACE
ONLINE**



**ALL RESULTS OF
INSPECTIONS
CONDUCTED, SANCTIONS
AND APPEAL RESULTS
ONLINE**

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FIRST 10 DAYS OF OPERATION = MORE THAN 50,000 USERS



CONCEPT FOR DEVELOPMENT OF THE MARKET OF ELECTRIC CHARGING STATIONS

The Energy Sector has developed a concept for market development that envisages a package of legislative changes and will stimulate the attraction of investments into the new economic sector. The concept was presented on 14/12/2017

MARKET IS NOT DEVELOPED



no legislation



poor infrastructure



no incentives for investments in the sector

CONSEQUENCES:



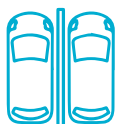
environmental damage



economy's dependence on oil and gas imported from the Russian Federation

1 CHARGING STATIONS IN PARKING LOTS

Setting a 10% quota for parking lots with electric charging devices at the legislative level



For new parking lots



For renovated parking lots



For municipal parking lots

2 FREE ACCESS OF ELECTRICITY SUPPLIERS TO ELECTRIC CHARGING STATIONS



Charging station monopolists and operators can not block access for electricity suppliers



Charging station operators can become suppliers themselves



Car owners can sell unused energy

3 FULL DIGITIZATION OF THE PROCESS

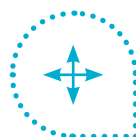
ALL PROCESS IN ONE APPLICATION



open the application



select a charging station



select a supplier



INTRODUCED LEGISLATIVE INITIATIVES: TRANSPARENT COSTS OF CONNECTION TO ELECTRICITY NETWORKS

Technical specifications for connection (TS) are the most corrupt component of connection procedures. When applying to network operators, customers receive TS, which provides for not only the creation of transmission lines, but also the reconstruction of existing networks of distribution companies at the expense of customers. Due to the monopoly position of network operators, inaccessibility of information on the actual networks status and the electric substations load, customers are imposed with excessive requirements for the reconstruction of existing networks. It is possible to reduce these requirements via “informal” arrangements.

The solution to this problem is provided for in Article 21 of the Law of Ukraine “On Electricity Market”, which our experts prepared and included into the draft law. According to the approach proposed, there are two elements of the pricing formula, namely:

1 a unit rate for capacity, which is a unified payment for connecting to any point in Oblenergo’s electricity networks that will provide the same approach for all customers

2 a linear component rate is an objective factor that is established for each individual applicant for the connection and depends on the distance of customers’ electrical installations to Oblenergo’s electricity networks. In this case, applicants control the estimated cost and may choose a contractor to create a linear component.

In addition, the funds paid for the creation (construction) of electricity networks of the connection linear component should be compensated to the customer.

This innovation will come into effect in March 2018





INTRODUCED LEGISLATIVE INITIATIVES: STARTING THE MOBILE PAYMENTS MARKET

One of this year's significant achievements of the IT and Telecom sector was the removal of two main obstacles to the creation of this new market. Based on the BRDO's studies and offers, on 04.07.2017, the CMU amended the following documents:

The CMU Resolution No.1740 of 03/11/1998
"On Approval of the Procedure for Paying
Obligatory State Pension Insurance
Fees from Certain Types of Economic
Transactions"

The CMU Resolution No.295 of 11/04/2012
"On Approval of Rules for Providing and
Receiving Telecommunication Services"

This provided opportunities for the development of the mobile payments market in Ukraine



WHY IS IT CONVENIENT TO USE MOBILE PAYMENTS?

MOBILE PAYMENTS – USERS OBTAIN FINANCIAL SERVICES:

1 By using the end-use equipment of telecommunication operators (mobile phones, tablets, etc.)

2 By using funds deposited to a personal account of mobile operator subscribers



no passport and code
needed



convenient account
control

LEGISLATIVE INITIATIVES: PUBLIC ACCESS TO URBAN PLANNING DOCUMENTATION

The lack of public access to urban planning documents significantly affects the level of investment attractiveness of Ukraine and does not allow to update these documents in a transparent and timely manner.

The Construction Sector developed the Resolution No.354 that was adopted by the CMU on May 24, 2017 and provides for making amendments to:

- Regulation on the Urban Planning Cadastre;
- Regulation on Data Sets to Be Published in the Form of Open Data.

As a result of the amendments made:

- Urban planning and architecture bodies are obliged to collect information on urban planning documentation: name of documents, decisions on their approval, websites they are published on;
- Sets of open data were supplemented by all types of urban planning documentation;
- It is planned to create a web resource, by using of which it will be possible to search for and have access to urban planning documents published in the Internet.

Central and local authorities are obliged to provide access to open data of urban planning documentation via geoinformational portals at the legislative level.

The next step in reforming this sector was the launch of the PMAP project with the support of the Netherlands Embassy >>



PMAP IS THE FIRST STEP TO THE STATE URBAN PLANNING CADASTRE



**CREATING A WEB RESOURCE TO SEARCH
AND ACCESS URBAN PLANNING
DOCUMENTATION**



**IMPROVING THE WEB RESOURCE TO
SEARCH AND ACCESS URBAN PLANNING
DOCUMENTATION AND FILLING IT WITH
CONTENT**

PMAP SYSTEM CAPABILITIES



FUNCTIONS

- Search by map
- Search by name of administrative-territorial units
- View basic details of documentation
- Possibility to follow hyperlinks
- Downloads of search results
- Enter data on urban planning documentation
- Send feedback and suggestions from users
- Monitor the activity of urban planning bodies
- View user instructions
- Automatic reporting on incorrect links



WHO CAN TAKE ADVANTAGE OF THESE FUNCTIONS?

- All users (public access)
- Employees of district or city urban planning and architecture bodies
- Employees of regional urban planning and architecture bodies
- Employees of the Ministry of Regional Development

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LEGISLATIVE INITIATIVES: DEVELOPMENT OF TECHNICAL REGULATION (DRAFT LAW NO.7151)

BRDO experts actively participated in drafting the law No.7151, the adoption of which will strengthen the protection of consumer rights, introduce mechanisms for effective control over the quality of construction products and, most importantly, remove a number of barriers to free access of Ukrainian producers to EU markets and simplify access to markets in most countries of the world

It regulates 27 definitions and removes the regulatory vacuum in terminology (construction product, regulatory standard, technical approval body, etc.)

It establishes a mechanism for determining key features of technical specifications of construction products regarding basic requirements for buildings and facilities

It introduces requirements for standard technical specifications, which are a national standard or a technical certificate

It determines obligations of business entities offering construction products on the market (producers, importers, authorized representatives)



LEGISLATIVE INITIATIVES: PROTECTION FROM REAL ESTATE FRAUDS (DRAFT LAW NO.7084)



Up to 200 thousand deceived families as of 2015*

20% of transactions** have signs of violation and fraudulence



2.2 million m² required to solve the problem of deceived investors only in Kyiv*

- Numerous re-sales of one apartment
- Failure to comply with construction project specifications by developers
- Sale of apartments, which are not included in the project
- Lack of ownership rights to a future apartment



29.9 billion hryvnas of unsecured domestic investments of ordinary Ukrainians per year

* According to expert estimates as of 2016

** According to lawyers working in the market

To improve the situation, BRDO experts developed and registered the draft law No.7084, which includes the following changes:

OWNERSHIP RIGHTS

- Possibility of acquiring ownership rights to future real estate items
- Investors obtain the right to dispose rights to future real estate items

INVESTMENT

- Removing restrictions on using various investment mechanisms for non-residential real estate and specifying instruments for residential real estate

REGISTRATION

- Regulation of the procedure of assigning the address to unfinished buildings and completed facilities

INFORMATION DISCLOSURE

- Regulation of the procedure and volumes to disclose information on unfinished construction projects by real estate developers



LEGISLATIVE INITIATIVES: DOING BUSINESS

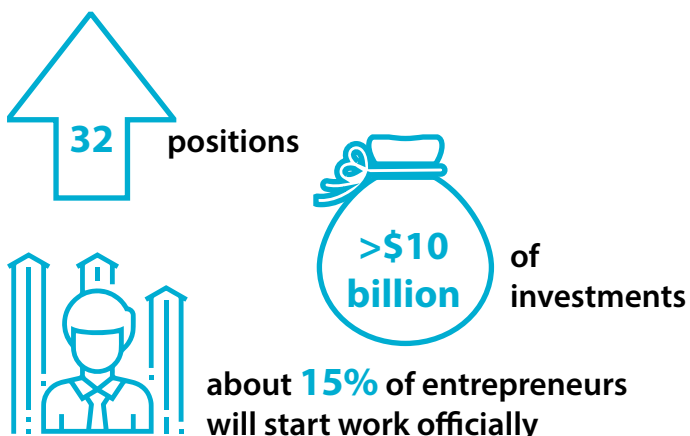
(DRAFT LAWS NO. 6540-6543)

A comprehensive package of draft laws that will significantly affect the investment attractiveness of Ukraine was developed by the BRDO Office team and registered in the Verkhovna Rada on 06/06/2017

The Cabinet of Ministers and the profile committee of the Verkhovna Rada supported these draft laws



WHAT WILL THE ADOPTION OF THESE DRAFT LAWS BRING TO UKRAINE?



KEY CHANGES PROPOSED BY DRAFT LAWS



Establishing personal responsibility of majority shareholders for abuses



Introducing simplified bankruptcy procedures for enterprises with a majoritarian lender or which property is fully pledged



Introducing trust ownership



Increasing the availability of information on honesty of borrowers



Broadening options to use arbitration courts to consider disputes



Canceling share participation



It is prohibited to demand an expert monetary valuation of land plots

EDUCATIONAL COURSE FROM BRDO AND NEW EFFECTIVE REGULATION

3

TRAINING COURSES

- 1 Practical experience with “living” examples (regarding the development of SME-tests for RIA)
- 2 Applying the updated RIA methodology. Using in practice the platform for effective regulation during the regulatory impact analysis
- 3 Policy analysis for new directorates

15

TRAINING WORKSHOPS

for civil servants of CEBs conducted

TEAM



Oleksiy Honcharuk
Head of BRDO



Denis Malyuska
Deputy Head



Oleksiy Dorogan
Rolling Review Project Manager



Oleksiy Orzhel
Energy Sector Head



Olena Shulyak
Construction Sector Head



Andriy Zablotsky
Agriculture Sector Head



Oleksandr Kubrakov
IT and Telecom Sector Head



Ihor Lavrynenko
Analytical Team Head



Oksana Kyrychenko
Development and Partner Relations
Manager



Tetyana Kovryga
Communication Sector Head



Volodymyr Holovatenko
Market Surveillance Sector Head



Taras Slobodyanyuk
Transport Sector Head

