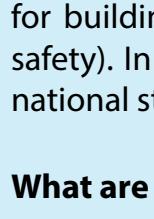




# BRDO DIGEST

## FACTS, OPINIONS, ANALYTICS



### BRDO INITIATIVES

#### Draft law on construction product quality is adopted in the Parliament

We, at BRDO welcome the adoption of the draft Law of Ukraine "On Supply of Construction Materials to the Market" (registration #2698 28.12.2019). BRDO experts took an active part in its development. The bill harmonises existing Ukrainian legislation with EU Regulation (EU) No 305/2011 by setting clear requirements for buildings parameters throughout their lifecycle (such as construction strength or fire and ecological safety). In particular, the draft law stipulates requirements of regulatory technical specifications, including national standards and documents for determining acceptability that are identical to the European ones.

#### What are the risks of a 5% IT tax for investors?

Before Independence Day, the President's Office posted a video of Volodymyr Zelensky in which he was calling on the world to partner with Ukraine. The President noted that Ukraine has a "low 5% tax for IT business". Unfortunately, this tax is not as straightforward as it may seem, further hampering attractiveness of Ukraine for investors. The head of the IT&Telecom sector Ihor Samokhodsky *explains* what investment obstacles faces potential investor in Ukraine.

#### Why do the Government's actions in the energy sector contradict the declared strategy?

One of the stated development aims of the European Union focuses on the decarbonisation of the economy, i.e. limiting the use of fossil fuels. The EU supports and encourages the implementation of the same decarbonization policies in the neighbouring and partner states. Unfortunately, the Ukrainian government, instead of giving the right signals about the need to reduce coal use and taking first steps towards decarbonisation, is making pronouncements about furthering carbon dependency. The head of the Energy sector Anton Zorkin spoke about the state policy changes. For detailed analysis please check *Ekonomichna Pravda article*.

#### "Ukrzaliznytsia" no longer meets the market's needs for freight transportation

Ukrzaliznytsia suffers from several challenges. The key of them is the critical deterioration of fixed assets: tracks, locomotives and other rolling stock. About a third of the main railway lines need significant repairs. In some areas, the speed limit is down to 40 km/h, which affects the delivery time and creates financial risks for businesses. Moreover, due to the course taken by the company's management, the company's revenues will continue to fall by 20-30% annually. The expert of the Infrastructure sector Andriy Bukovsky *explains* what could be done to save Ukrzaliznytsia and meet the needs of the market.

#### Why is the reform of the taxi market essential in Ukraine?

The annual intake of the taxi market in Ukraine amounts to about UAH 40 billion. At the same time, 96% of the market is part of the shadow economy since its participants are not registered/licensed nor do they pay required taxes and fees. According to BRDO experts, to improve the market situation it is necessary to revoke licenses for "taxi domestic transportation of passengers" and introduce a declarative principle of doing business to facilitate the work of legal carriers. The head of the Infrastructure sector Zoya Melnyk suggests *how to carry out significant taxi reform* and ensure passenger safety.

#### How to solve the problems of the recharging station for e-cars ?

On August 18, BRDO Energy sector expert Kateryna Kikot presented the concept of electric charging station market development researched by our team as a part of BRDO's work for the conference "*Electric Transport Infrastructure 2020: Windows of Opportunities*". Among the BRDO proposals that would further stimulate the market are increasing by 20% number of parking spaces with electric chargers by 2030; providing free of charge access of electricity suppliers to charging stations; and full digitization of the charging process.

#### Ukraine can host Belarusian IT specialists during the shutdown

The viability of the progressive Belarusian IT industry is at risk due to continual government attempts to shut down internet access. Access to a continually reliable Internet is a must for the IT industry and online service companies. The head of the IT&Telecom sector Ihor Samokhodsky *explains* why Ukraine could become a new home for Belarusian IT sector.

#### Survey for lawyers: Commercial VS Civil Code

We decided to ask business lawyers to what extent their professional activities are hampered by the existing outdated and highly controversial provisions still found in the Civil and Commercial Codes. To participate, *please fill out a short questionnaire*.

#### Opening of financial statements of companies

BRDO's Green Paper on Open Data Policy shows that up to 5 million people use open data services every month. These are such well-known services as Opendatabot, Easyway and others. Even more people will be able to get useful information if the state is willing to open up new data sources. Financial reporting is one of the priority areas to be opened.

Together with the Ministry of Justice, colleagues from Youcontrol, Transparency International Ukraine, OpenUP and Clarity Project we have created a working group to design the solutions to help open companies' financial statements. The first meeting of the working group is to be held on Monday, September 7.



### PUBLIC DIALOGUE

**The Agriculture sector of BRDO** conducted a study of irrigation and drainage systems in Ukraine and prepared a *Green Paper "Irrigation and Drainage"*. It includes an analysis of the state of the irrigation system in Ukraine and proposals for improving regulation in the field.

**The Construction sector of BRDO** conducted research and prepared a *Green Paper "Technical Inventory of Real Estate"*. It contains proposals for changes in legislation that will help solve critical problems in the field of real estate and generally provide a regulatory mechanism to modernize it. Online consultations on the technical inventory market was successfully concluded by the end of August.

**Infrastructure sector of BRDO** is preparing an analysis of the international cargo shipping market in Ukraine. Help us in this process by sharing your experience of the market and its problems in the *online survey* (in Ukrainian).



### INSPECTION REFORM

**State Energy Supervision: Planning and implementation of inspections through the Inspection Portal**

On August 28, BRDO CTO Yana Goryunova *conducted training* on the use of the Inspection Portal inspections.gov.ua for heads of independent divisions of the central office of the State Energy Supervision, as well as for heads of territorial departments in regions and state inspectors from 25 regions of Ukraine.



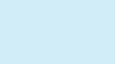
### #STARTBUSINESSCHALLENGE

**Dubno has joined the #StartBusinessChallenge platform!**

Almost 40,000 residents of Dubno, a city in the Rivne region will be able to use the convenient step-by-step instructions for starting a business. For people, this accessible and free information is provided tailored according to personal needs. For the town, it means further opportunities to develop small and medium-sized enterprises, attract additional investments, create jobs and increase business promotion. We invite other cities to join the *#StartBusinessChallenge* and develop local business.

**The #StartBusinessChallenge information service became the national winner of the European Enterprise Promotion Award 2020 in the category "Improving the business environment"!**

In this category there are initiatives that support business start-ups and growth, as well as simplify legislative and administrative procedures for businesses. We are eager to win at the European level!



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