

*DRAFT*



**Concept  
of the Transformation Strategy  
for Ukraine**

**Kyiv**

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## **I. Resolution of the Sixth National Forum “Transformation of Ukraine” of December 5, 2017**

Participants of the Sixth National Forum “Transformation of Ukraine”, striving to facilitate Ukraine's transformation into a successful European country, taking the technology for achieving the Copenhagen criteria for EU membership as a development benchmark, being aware of the perils for the future of Ukraine caused by inconsistency in reforms implementation, intending to propose a unifying agenda for Ukraine,

have agreed on the following:

- To organize, as soon as possible, development and implementation of a comprehensive long-term National Strategy for Transformation of Ukraine (NSTU), drafted jointly with the participation of civil society, pro-European political forces, representatives of the Ukrainian state authorities, partner countries and key international security and financial institutions. The National Strategy for Transformation of Ukraine should provide: creation of modern pro-European country through application of the best practices of successful country transformation and effective funding of progressive transformations.

- To urge Ukrainian political forces and state authorities to rise above differences and develop a unifying agenda for further development of the country, based on the idea of a comprehensive European transformation of Ukraine.

- To use for further actions propositions made by the National Forum regarding the need to create and apply synergy between structured Ukrainian civil society, all committed to reforms political forces in Ukraine, and a focused international policy towards Ukraine, in order to achieve the objective.

- To propose for approval the Recommendations of the National Forum “Transformation of Ukraine”, which define the agenda for transformation of Ukraine. (See Ch.VII)

*Approved in Kiev, December 5, 2017*

## **II. Ukraine's European Choice**

Ukraine belongs to Europe not only geographically, but also in its cultural-historical and economic development, shares the basic European values, which it has been historically creating and defending. Consequently, the strategy of integration into European structures, in the construction of which our country, contrary to its interests and society intentions, had no opportunity to participate before, must be a central plank of Ukraine's policy. For Ukraine, the historical importance of joining the EU equals the final overcoming the consequences of economic and political division of the continent.

Membership in the EU is a strategic objective and a priority of Ukraine's policy. The intentions of acquiring membership are related to the pursuit of the main tasks in fields of national security, economy, social, cultural, educational and other spheres. The process of European integration of Ukraine is supported by the main political forces and economic circles.

Integration has provided the peoples of Western Europe with a lasting peace and prosperity. Ukrainian society seeks to be an integral part of this process. Such aspirations of Ukrainians stem from the conviction of the European Union's crucial role in preserving peace and a democratic system both in Europe and worldwide. Ukraine fully shares the ideas and objectives by which the EU is guided.

From the above, as well as from Article 49 of the Treaty on European Union, the right of Ukraine follows to participate in European integration structures. Ukraine intends to apply for EU membership as soon as appropriate domestic conditions are created for it, as well as favorable political conditions in Europe itself.

Ukraine considers meeting the Copenhagen criteria for EU membership as the principal home work for the current historic period – prior to the beginning of substantive negotiations with European institutions on issues related to the specifics of European integration, in particular, related to the terms of time. Meeting the Copenhagen criteria is equivalent to building Ukraine as a modern, developed, European type state ready for claiming membership in the EU due to its parameters of development.

Given the complex internal political situation in Europe, characterized by such processes as brexit, the crisis of migrants, fatigue from enlargement etc., Ukraine realizes the unwillingness of certain EU members to discuss the specific timelines and timetable for its European integration process at this moment. At the same time, in order to provide a better basis for the dialogue on membership, and in order to be ready

for decisive steps in case of improvement of the internal situation in Europe, Ukraine is launching a systemic process of European transformation.

Ukraine's transformation is a systemic process aimed at Ukraine's meeting the Copenhagen criteria for EU membership through a special instrument – the National Strategy for the Transformation of Ukraine.

Since the annexation of the Crimea and in conditions of the de-facto hybrid war with Russia, the hypothetical past option of Ukraine's integration into Eurasian economic and security structures is now completely unacceptable and is not considered in principle. Under such conditions, the existence of Ukraine without a clear and mutually honest dialogue with the EU and NATO countries concerning a common vision of the future threatens Ukraine with civilization marginalization and a decrease in overall security.

The strategy of the European transformation of Ukraine stems from Ukraine's national interests. The objective of this policy is to create an environment in which Ukraine can develop rapidly, raising the standard of living of its citizens, meeting the highest democratic standards, and creating the conditions in which the citizens of Ukraine can enjoy peace, freedom, security and prosperity. The European transformation of Ukraine will help accelerate economic growth, modernize the economy and legal system, reduce the technological and, in the broadest sense, the intellectual and cultural gap between Ukraine and Europe.

Transformation of Ukraine requires some expenses, which should be understood not only in the budgetary aspect, but also in terms of the wider socio-economic price that society pays for decisive changes. At the same time, the alternative to change is further stagnation, strategic uncertainty and deepening disillusionment within the society.

The experience of other states that have recently joined the EU demonstrates that the economic and other benefits provided by integration outweigh by far the costs of adaptation and transformation in the long run. The European transformation of Ukraine should be based upon the best experience and practices of the countries of Central and Eastern Europe.

Transformation of Ukraine has to be realized as a joint systemic and long-term project of Ukraine and the West, in the result of which Ukraine will become a developed European type country that meets the Copenhagen criteria for EU membership.

## **Copenhagen criteria**

The possibility of any European state to become a full member of the EU was provided for by the Treaty of Rome. In June 1993, the European Council, at its meeting in Copenhagen, recognized the right of Central and Eastern European countries to join the EU after meeting certain requirements grouped by three spheres and called “Copenhagen Criteria”:

- political – stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- economic – a functioning market economy and the capacity to cope with competition and market forces within EU;
- membership – ability to take on the obligations of membership, in particular, recognizing the tasks of the political, economic and monetary union.

These accession criteria were confirmed in December 1995 at the meeting of the European Council in Madrid. The importance of restructuring the administrative structures of the applicant country and creating conditions for gradual harmonious integration into the EU was, moreover, emphasized there.

### **III. Geopolitical situation and trends**

The geopolitical situation is characterized by a global standoff between the free and open societies and closed and repressive systems. Ukraine is in the epicenter of this standoff.

Ukraine is irreversibly integrating into the political and economic system of Europe and the Western world, while defending its civilizational choice and territorial integrity.

Strengthening global confrontation threatens to undermine the international security system.

Against this backdrop, Ukraine as a state has strong support from the West, expressed in a number of strategic documents. Among them:

- US “Stability and Democracy for Ukraine Act” of 2014 and US “Countering America’s Adversaries Through Sanctions Act” of 2017.
- Warsaw Summit Communiqué of 2016 (Warsaw 8-9 July 2016)
- G7 Leaders’ Communiqué, Statement on Ukraine of 2017 (Taormina, Italy, May 27, 2017 and Charlevoix, Canada, 2018).
- Emergency Resolution adopted at the EPP Congress “On the Long-Term Support Plan for Ukraine”, (St. Julian’s (Malta), 29 – 30 March 2017).
- US National Security Strategy of December 2017

It is time to turn strong Western support into a long-term comprehensive strategy jointly developed transformational strategy for Ukraine.

## **IV. Challenges and threats posed to Ukraine**

To date, Ukraine faces complex problems that require immediate resolution and which threaten Ukraine's statehood. Among them:

- Lack of a comprehensive state development strategy.
- Lack of consolidation of socio-political and power forces around protection and promotion of Ukraine's national interests.
- Unresolved security situation.
- Poverty of the population.
- Unbalanced public finances.
- Weakened banking system.
- Unsatisfactory business climate.
- Inefficient state administration system.
- Inconsistency of the level of the elite with the tasks of public administration.
- Corruption.
- Tough demographic situation.
- Dangerously growing emigration of labor resources.
- Underdeveloped infrastructure.
- Energy dependence.
- Outdated education system.
- Threats in the information sphere.
- Environmental threats.
- Problems with the healthcare system.

To address these issues, a comprehensive transformational strategy, jointly developed by the President and the Government, structured civil society and representatives of the West (officials and experts with relevant experience), with a clear coordinated implementation schedule and budget (Ukrainian and international), is needed.

## **V. Comprehensive transformational strategy between Ukraine and the West**

Development and implementation of a joint comprehensive strategy between Ukraine and the West is a way to overcome the challenges that threaten the existence of an independent country.

To this end, a platform has been created for building a European country – the civil society initiative “National Forum” Transformation of Ukraine "(NFTU).

Leaders of Ukrainian clergy, civil society activists and volunteers, members of the Ukrainian Parliament, representatives of business, science and education circles, ambassadors and foreign experts, prominent public figures, world-known experts in country transformation take part in the Forum.

Our approach is based on the best practices of transformation of Eastern European countries, especially taking into account the transformation experience of Poland (Annex 1). NFTU has prepared Recommendations based on Polish experience and presented them to the Ukrainian authorities, experts and representatives of the international community (Annex 2).

NFTU and well-known international experts with successful experience of country transformation have begun to develop draft National Strategy for Transformation of Ukraine.

The National Strategy for Transformation of Ukraine (hereinafter referred to as the National Strategy) is a document initiated by the National Forum “Transformation of Ukraine”, which outlines the key elements of the development and implementation of the policy of achieving the Copenhagen criteria and responds to the threats and challenges posed to Ukraine.

The basis for the National Strategy is the will of the Ukrainian people, the threats and challenges, the experience of similar transformation processes, Article 49 of the EU Treaty, as well as the Copenhagen criteria.

The National Forum has developed the concept, logic and structure of the National Strategy for Transformation of Ukraine, which will be the beginning of the development and implementation of a joint project between Ukraine and the West. This document is to be finalized on the basis of a joint agenda between the three components of the state-building process: structured civil society, state authorities (Parliament, President, Cabinet of Ministers), friendly countries and international institutions.

For the NSTU to be successful, the implementation of its principles should be carried out in a continuous dialogue with society. Therefore, the widest possible

consultation of the NSTU with organisations representing all the social groups concerned with its implementation and, in particular, with trade unions, employers' organisations and local government bodies is required. We will seek support to propagate the integration idea on the part of the most influential institutional and personal authorities in society.

European integration means an integration of people and countries. Therefore, it is important that the decisions at the Government level be accompanied by a process of gradual inclusion of Ukrainian non-governmental organisations in the appropriate institutions and organisations in the EU. The Government will take steps to facilitate the implementation of this process.

The inclusion of Ukrainian non-governmental organisations in the institutions and organisations within the Union should also mean that they become an important lobbying force on behalf of Ukrainian economic and political interests. The initiatives of the non-governmental organisations will obtain support by organising information campaigns, training and the provision of financial aid.

In such a system, the Coordination Council on Development and Implementation of the National Strategy for Transformation of Ukraine, established by the relevant Decree of the President of Ukraine, will play a major role.

The Verkhovna Rada of Ukraine plays an important role in the implementation of the NSTU, which will at the legislative level approve new norms and standards in order to bring them in line with EU standards.

The carrying out of tasks by the organs of the Government will take place with the consent and co-operation of the President of Ukraine. The constitutional role of the President in the field of foreign policy allows him, as Head of State, to become actively involved in promoting Ukraine's interests in the states of the EU, and in implementing and monitoring the process of attaining full membership in the EU.

The coordination of work aimed at preparing Ukraine for membership in the EU and carried out by the Government will take place at three levels:

- strategic – the Committee for European Integration;
- operational – at the level of ministers or deputy ministers responsible for European integration;
- working – at the level of the heads of European integration departments in individual ministries and offices.

## **VI. Structure of the National Strategy for the Transformation of Ukraine**

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### **A. Introduction. Ukraine's Transformation Policy Statement**

### **B. Challenges to the country's development**

### **C. Ukraine's European Choice**

1. Ukrainian Way to the European Union
2. Ukraine's relations with the EU – current situation

### **D. New development model**

### **E. Relations between the Strategy and international and national strategic documents**

### **F. Main objective, specific objectives and expected results**

Main objective:

Specific objective I, II, III

### **G. Meeting the Copenhagen criteria**

1. Political criteria
  - Democracy, rule of law, judicial system, freedom of the media, human and minority rights
2. Economic criteria
  - a. General issues
  - b. Costs and benefits of integration process
  - c. Foreign direct investments
  - d. Business strategies
  - e. Conditions of membership
  - f. Main areas of economic modernisation:
    - Macroeconomic policy
    - Free movement of goods
    - Free movement of services
    - Free movement of capital
    - Free movement of labour
    - Competition policy
    - Consumer protection
    - Integration strategy in the agriculture and food industry
    - Environmental protection
    - Energy
    - Structural policy and financial co-operation
3. Harmonisation of the Legal System. Adoption of *acquis communautaire*
  - a. Methodology

- b. Administrative requirements
- c. Priority and consistency

## **H. Co-operation on justice and home affairs**

1. Co-operation in the administration of justice
2. Protection of the EU's external borders
3. Co-operation of police forces
4. Assuring the safety of citizens

## **I. External relations**

1. Integration with the EU in the area of the Common Foreign and Security Policy (CFSP)
2. **Mechanisms of co-operation**
3. Tasks of the Ukrainian foreign policy
4. Scope of external activities

## **J. Organisational requirements for the realisation of transformation of Ukraine**

1. Administrative reform
  - a. Objectives: efficiency, effectiveness and value for money
  - b. The Cabinet of Ministers
    - Ministry of national defense
    - Ministry of the interior and administration
    - Ministry of foreign affairs
    - Ministry of justice
    - Ministry of finance
    - Ministry of investment and economic development
    - Ministry of infrastructure
    - Ministry of agriculture and rural development
    - Ministry of national education
    - Ministry of health
    - Ministry of family, labour and social policy
    - Ministry of entrepreneurship and technology
    - Ministry of digitalization
    - Ministry of environment
    - Ministry of energy
    - Ministry of maritime economy and inland navigation
    - Ministry of sport and tourism
    - Ministry of culture and national heritage
    - Ministry of science and higher education
    - Committee for European integration

- Co-ordination of activities of European integration units in the executive organs
  - Nomination of the group of negotiators
  - Reform of the public service
- c. The Verkhovna Rada of Ukraine
  - d. The President of Ukraine
  - e. The National Forum “Transformation of Ukraine”
  - f. Creation or reform of other institutions required for European integration
2. Training and human resources
    - a. General training
    - b. Training in legal issues
  3. Information activities

**K. Regional empowerment**

**L. Social policy**

**M. Business-climate**

**N. Macroeconomic stability**

**O. Transformation of Sectors**

1. Structure of the Sectoral Transformation Programmes
2. Creation of Coordination Councils

**P. The input of international financial, security institutions and friendly countries to the implementation of the transformation process of Ukraine**

**Q. Basic sources for financing of the Strategy**

## **VII. Organizational requirements – a joint agenda**

*(Based on the Recommendations of the 6th National Forum “Transformation of Ukraine” of December 5, 2017: “Transformation Plan for Ukraine – A Unifying Agenda for the Country”)*

The National Strategy will outline the main directions of actions that will serve as guidelines for ministries and other central executive bodies, and benchmarks for all other actors in the process.

### **Administrative reform**

Aiming at EU membership, the efficiency of Ukraine’s public administration must be improved. This is especially important in the perspective of further negotiations with the EU and the progressive adoption of the *acquis communautaire* – European Union law.

Public administration in the EU Member States is in general not regulated by the European laws, but its basic features and principles of operations are similar. The Copenhagen criteria and in particular, the Madrid criteria point to the need of having the administrative capacity to manage and implement European policies. A set of institutional frameworks, processes, general administrative norms and principles of the state service – all that constitutes the so-called “European administrative space” (EAS) – is part of normative and legal acts (administrative code and code of practice, laws on freedom of information and state service etc.). They are aimed at achieving reliability, openness and transparency, responsibility, efficiency and effectiveness.

Institutional and administrative capacity to run common policies of the Union is a demanding requirement from the perspective of today’s Ukraine. But it is in the interest of Ukraine to build a modern and efficient administration irrespective of the need to adapt it to the EU requirements. Therefore, these two processes – EU-driven capacity building and “general” modernization – are concurrent and parallel.

The overall objective of the administrative reform in Ukraine is to complement democracy-building, ensure supremacy of human rights and freedoms, strengthen respect for the person on the part of public institutions, establish an effective public administration system to ensure that Ukraine becomes a modern European democracy in which the individual enjoys all rights and freedoms.

Objectives: efficiency, effectiveness and value for money

Ukraine will introduce the principles of “good governance”. This means, inter alia, that any person is entitled to impartial and fair administrative treatment in his/her affairs in a proper period of time, including: a person’s right to be listened to prior to

taking any individual decision that could have an adverse effect on him/her; any person's right to have access to his/her personal data; and an obligation of the authorities to justify their administrative decisions. Moreover, any person should be guaranteed the right to be indemnified by the state for his/her losses caused by a public institution or its employees when exercising their powers.

Public administration reform should encompass tasks with regard to:

- ensuring the rights and legitimate interests of citizens in their relations with public administration;
- establishing the effective executive power at the central and local levels equipped not only in appropriate managerial skills and techniques, but first of all fulfilling the basic requirement of democratic power – transition from administering the society to working for it;
- introducing the principles of political neutrality, professionalism and competitive recruitment to the organization of the public service at the central level and in local governments;
- introducing a legal framework for the state control of activities (mainly financial) of the executive bodies and their officials;
- establishing the system of administrative courts being the instrument of ensuring the respect of law in the state administration sphere and protection of human rights and freedoms infringed within the administrative work of the executive bodies and their officials.

To fulfil these tasks the following principles should be followed:

- ***democratic legitimacy of the activity of the executive bodies***, i.e. a body of the executive power shall be under the control of an appropriate political organ elected by the citizens; the community shall control the operation of executive power;
- ***subsidiarity***, delegation of powers, functions and resources as close as possible to the final consumer of state services, decentralization and deconcentration of powers from the central level to the regional and local one.

Reform of the public administration system shall be implemented starting from the local community level. It shall facilitate the improvement of the administrative and territorial system, establishment of economically effective administrative-territorial units and optimization of interbudgetary relations, effectiveness of territorial administration and finally, upgrading the quality of the services, provided to the population, to the level of general state social standards irrespective of residence.

## **A. The President of Ukraine**

### **Recommendations of the Sixth National Forum “Transformation of Ukraine”**

The President should lead the process of developing a common agenda for country building through creation of the Coordination Council for Drafting of the National Strategy for Transformation of Ukraine, which would include Head of Parliament, Prime Minister, leaders of pro-European factions, G7 and EU ambassadors, leaders of key international organizations and representatives of civil society.

## **B. The Verkhovna Rada of Ukraine**

### **Recommendations of the Sixth National Forum “Transformation of Ukraine”**

1. To create the Inter-Parliamentary Forum “Transformation of Ukraine” with the support of Heads of Parliaments of friendly countries. This structure will coordinate interparliamentary cooperation with the participation of representatives of the Inter-factional Deputies Association “Transformation of Ukraine” in the Verkhovna Rada of Ukraine, members of the Supervisory Board of the NFTU and Parliaments of partner countries in order to lobby transformation of Ukraine in the political and financial centers of the world. (Annex 4)
2. To establish in the Verkhovna Rada of Ukraine a mechanism of “fast track” for adoption of legislation that promotes EU integration processes and strengthening of our country.

The Ukrainian State and its citizens need a modern legal system ensuring the protection of such values as economic freedom, fair competition, freedom of movement and settlement and personal security. The adaptation of Ukrainian law to the principles and norms of the EU legislation will allow Ukrainian citizens to develop their commercial, social and cultural activities on the European scale.

The Union law carries universal values which are permanently rooted in the European culture. It facilitates economic development of the Member States and ensures the gradual increase of prosperity of their citizens. It is a set of modern regulations which guarantee progress and as such is of considerable value.

The Ukrainian law shares the same roots with the law of the Union and forms a part of European legal heritage. The severing of ties between Ukraine and the democratic and developing Europe which lasted for many years caused the natural process of development in Ukrainian law to come to a halt, thus preventing it from following the path taken by the legal systems of the democratic European States.

The convergence of existing and future Ukrainian legislation, norms and standards with European law is a primary requirement for Ukraine's integration with the European Union.

The adaptation process for the legal system has to lead to a gradual absorption of the entire European law (*legal acquis communautaire*) in Ukraine. The countries of Eastern Europe, which adapted the EU legal system, adopted 120,000 pages of legislative acts.

### **Administrative requirements**

The Government of Ukraine will be responsible for the adaptation of Ukraine's law to that of the Union. In order to meet this responsibility the Government will use its legislative powers. The Government will cooperate in this area with the Parliament.

Responsibility for the initiation of actions on adapting the Ukrainian legal system to the EU law in the specific areas is imposed on the appropriate central executive organs. Tasks and responsibilities of specific ministries in this respect shall be defined by the Decision of the Cabinet of Ministers of Ukraine about implementation of actions on adapting the Ukrainian law to the EU legal system. Based on the Decision, the Program of Adaptation to the EU Legal Norms shall be developed.

The governmental Committee for European Integration headed by the Prime-Minister will be the supreme state administration organ charged with the programming and coordinating of the adaptation activities of Ukraine in the field of law. The executive body of the Committee for European Integration will be the Office of the Committee.

The Committee for European Integration will provide the expert assistance to the bodies which participate in adapting the Ukrainian law to the Union's one.

The drafts of the legal acts being drawn up will be scrutinised from the point of view of their compatibility with the European law. The Decision of the Cabinet of Ministers of Ukraine will envisage such scrutiny in respect of the bills submitted by the Government. Implementation of the system of scrutinising all the draft laws shall require improving the Parliament Rules of Procedure related to the preferential consideration of the integration draft laws.

The new legal system should have legislative norms of high quality and properly designed mechanism for their practical implementation. For this reason, close co-operation with various parts of the legal profession in the course of adapting Ukraine's law to Union legislation is required. The participation in this process of academics, judges, prosecutors, barristers, legal advisers and notaries will ensure its more effective

implementation. It will also contribute towards easier acceptance of the new regulations by Ukraine's legal system. It is also important that the new law must not be developed separately from Ukrainian social conditions.

### **Priority and consistency**

Adaptation of the effective and future law of Ukraine to the EU legislation will result in political and economic convergence.

An important aspect of the law adaptation is further reform of the judicial system, administrative reform, encouragement of civil society development and support for freedom of the mass media. It will contribute to strengthening and ensuring the stability of democratic institutions, supremacy of law and respect of human rights.

The adaptation of legislation should also include the following areas: customs law, company law, banking law, company accounts and taxes, intellectual property, protection of labour, financial services, rules of competition, protection of health and life of humans, consumer protection, state orders, sanitary protection of animals and plants, technical rules and standards, laws and regulation on nuclear energy, transport and natural environment.

The objective of adapting Ukrainian legislation to the regulations effective in the legal system of the Union is to eliminate obstacles in the economic relations between Ukraine and the EU and to create a single set of rules facilitating their development. From the point of view of the economy, the most important are the norms regulating the legal status and functioning of economic entities and the norms regulating the economic relations.

The first group of such legal areas concern, in particular:

- principles of commercial activities carried out by natural and legal persons, both domestic and foreign;
- setting up and functioning of economic entities;
- establishment and functioning of banks and insurance firms;
- protection of intellectual property subjects;
- competition protection law;
- bankruptcy law;
- rules governing the functioning of self-government.

The second group includes legal norms with regard to:

- customs duties and import quotas;
- indirect taxation;

- technical supervision;
- financial flows, domestic and foreign;
- transport and telecommunications;
- consumer protection.

The complete adaptation of the law will allow Ukraine to participate in the Single Market. Effective legislation work in this area requires, amongst others:

- determining the current state of Union legislation;
- analysis of the equivalent Ukrainian regulations;
- drawing up of the basic principles of the new regulations which have to take into account economic aspects, i.e. the costs of changes and the expected benefits.

The adaptation of Ukrainian law to that of the Union also means that, in order to support effectively the necessary work in this field, the state has to bear the organisational and financial costs, since the process of legal adaptation must be given sufficient personnel, organisational and financial support.

It is necessary to arrange a set of official translations of the Union legal acts into the Ukrainian language and to compile the necessary glossaries. This work will be carried out and coordinated by the Committee for European Integration.

In order to facilitate implementation of the transformation strategy, the Inter-faction Deputy Association “Transformation of Ukraine” was created in the Verkhovna Rada of Ukraine. It includes deputies from pro-government and opposition factions. (Annex 3)

### **C. The Cabinet of Ministers of Ukraine**

#### **Recommendations of the Sixth National Forum “Transformation of Ukraine”**

- 1) The Cabinet of Ministers of Ukraine together with the Verkhovna Rada of Ukraine will be responsible for bringing the Ukrainian legislation in line with the legal system of the European Union. To this end, a Parliamentary-Governmental Commission and a network of sectoral Coordination Councils for the development of transformation strategies will be established.
- 2) The Cabinet of Ministers of Ukraine shall carry out reorganization of institutions and creation of new institutions in accordance with the National Strategy for Transformation of Ukraine.

## **Organization of work**

It is necessary to establish a clear and transparent system of strategic decision-making and to determine the hierarchy of instruments for policy planning and the sequence of strategic targets. Moreover, it is necessary to develop the capacity of the executive state power to develop medium-term strategy aiming at maximising the welfare of all citizens.

The capacity of Government to establish strategy at the central level should be accompanied by ensuring strategic policy coordination and mid-term budget planning. It is necessary to create the legal and institutional framework for the process of elaborating government policy, including a systematic ex-ante impact assessment of measures proposed, ex-post assessment of policies and a radical improvement of public information on government policy and the development of the consultation process.

The roles of the President and the Government must be clearly defined. A lack of clarity in the past has led to institutional instability and confusion. Amongst the most urgent measures are:

- clear definition of the role of the Government
- clarification of the role, composition and internal organisation of the Council of Ministers
- the procedure for the designation of the Prime Minister
- separation of political and administrative positions in the state service
- lower order reform should include the organization of the activities, composition and authorities of the ministries, governmental bodies, local state administrations, responsibilities of the executive bodies' staff, definition of managerial services etc.

### **Committee for European Integration**

In order to ensure effective co-ordination of the process of European integration, essential changes in the planning of the Government's work programme will be necessary. Moreover, inter-ministerial consultations and dispute settlement have to be accelerated. A new governmental committee – the Committee for European Integration – chaired by the Prime-Minister will be established to coordinate the European integration policy.

The Committee for European Integration will be the key state organ for the programming and coordination of Ukraine's systemic transformation and integration

policy. The Committee will also be responsible for the co-ordination and programming of external aid. In particular, the Committee will be responsible for:

- coordination of Ukraine's adjustment and integration with the EU, including initiation, organization and co-ordination of actions carried out within these processes;
- evaluation of draft laws presented by sectoral ministries with respect to their compliance with the EU law;
- cooperation with the European Commission in the preparation of EU-related adjustment programmes;
- evaluation of progress in the overall harmonization of laws programme;
- coordination, programming and monitoring of foreign assistance;
- organisation of information activities and preparation of concepts of training for public servants involved in EU integration process;
- cooperation with non-governmental organisations with regard to their involvement in the promotion of integration into the EU.

#### **Co-ordination of activities of European integration units in the executive organs**

The Committee for European Integration in its daily operations will be supported by a Secretariat established to facilitate the fulfilment of the Committee's tasks. The Secretariat will closely cooperate with European integration units in sectoral ministries and governmental offices. The Secretariat will provide expert assistance to bodies participating in the adaptation of the Ukrainian legislation to European law. It will also coordinate the work of EI units in sectoral ministries, the task of which will be

- to develop sectoral and regional adjustment and integration programs with the EU;
- prepare sectoral/regional documentation required for the programming of the use of foreign aid funds;
- prepare draft normative acts transposing EU directives in a given sector;
- prepare reports on the realization of the harmonization programs and integration measures.

#### **Reform of the public service**

Institutional development necessary for the adoption of the *acquis communautaire* will require improvements in the functioning of the public service. Public servants must not be affected by political changes. To ensure the political

neutrality of public service, the new Law on Public Service and the Code of Ethics for public officials will be adopted. The system of classification of the positions and requirements for officials should be improved.

To secure objectivity and transparency in recruitment to the public administration and in the service career, it is necessary to base it exclusively on open competitive procedures and transparent criteria. Regular evaluation of the work performance of officials should be introduced. The system of remuneration for officials has to be reformed in order to retain officials in the public sector.

Special attention should be given to the continuous training of state employees, in particular in fields such as new management techniques and methods, strategic planning, European integration etc. Programs of on-the-job training for public officials should be brought in line with the new role of the public service within the reformed system of public administration.

#### **Creation or reform of other institutions required for European integration**

The full implementation of the *acquis communautaire* will require many new bodies and institutions to be established and many other ones to be reformed in order to perform new functions. It will not be a one-off operation; this will be a process spread over many years to come. When transposing EU directives to the Ukrainian law, proper attention must be given to assess whether the existing institutional arrangements are sufficient to ensure the effective enforcement of a given law. While passing the draft law to the Parliament, the Government should provide an additional explanation as to which existing body will be responsible for the implementation of the law, or alternatively, whether it plans to establish a new one.

In any case due attention should be paid not only to the definition of competencies, but also to securing necessary budgetary allocations for the body in question. The Government will have to co-relate initiatives undertaken under the European integration process with the planning of budgetary spending.

#### **D. Structured Civil Society of Ukraine**

##### **Recommendations of the Sixth National Forum “Transformation of Ukraine”**

- 1) To use the National Forum “Transformation of Ukraine” for development of a unifying agenda for the country on the basis of the idea of Ukraine's transformation into a European-type country, taking as a benchmark for development the technology for achieving the Copenhagen criteria of EU membership.

- 2) To initiate creation of the International Coordination Mechanism for Ukraine (ICMU), as a precondition to development and implementation of a joint comprehensive transformational strategy between the West and Ukraine.
- 3) To launch work on creation of the “Transformation of Ukraine” University as an integral part of the country transformation process. The goal of the Transformation University will be to provide appropriate education to the personnel and to prepare future participants for practical implementation of the National Strategy for Transformation of Ukraine.

#### **E. International Partners (G7, EU, NATO, World Bank Group)**

##### **Recommendations of the Sixth National Forum “Transformation of Ukraine”**

- 1) International policy must be focused toward Ukraine. Critically important for our country is knowledge of transformation (know-how), funding of coordinated development programs, geopolitical, diplomatic and military support.
- 2) Joint actions must be coordinated and implemented, and one of important tools is the International Coordination Mechanism for Ukraine – international body, accountable for supervision over the process of development and implementation of the National Strategy for Transformation of Ukraine.

## **VIII. Creation of a network of Coordination Councils for development and implementation of sectoral policies**

This approach to the development and implementation of sectoral transformation policies has been developed by Ukrainian experts in cooperation with World Bank, European Union, USAID (US Agency for International Development) and other international institutions.

**The Coordination Council (CC)** is created by the Minister's order, has consultative advisory status and is headed by the Minister. It consists of two parts: Ukrainian and international. The CC includes from the Ukrainian side the chairman of the relevant parliamentary committee and deputies of the Verkhovna Rada, heads of central departments subordinated to the ministry, and representatives of the public. The international part will consist of representatives of the World Bank, the European Union, the American Agency for International Development.

**The purpose of the Coordination Council** is to organize a tool for the development and implementation of the sector transformation policy.

**The primary task** is to organize the development of sector transformation policy as part of the National Strategy for Transformation of Ukraine.

The sector transformation will be developed and implemented in accordance with the following standard:

- I. Description of the current situation
  1. Sector policy
  2. Legislature
  3. Institutions
  4. Current budget
- II. European requirements:
  1. European sector policy
  2. Institutions
  3. Adaptation Program of legislative and regulatory framework for the sector to common legal heritage of the EU
  4. Fulfillment of the Association Agreement requirements
- III. The concept of Sector transformation
- IV. Scenarios of implementation
- V. Budget (Ukrainian + international sources)
- VI. Monitoring of implementation

## **Sectors of Coordination Councils:**

- Sector of national defense
- Sector of the interior and administration
- Sector of foreign affairs
- Sector of justice
- Sector of finance
- Sector of investment and economic development
- Sector of infrastructure
- Sector of agriculture and rural development
- Sector of national education
- Sector of health
- Sector of family, labor and social policy
- Sector of entrepreneurship and technology
- Sector of digitalization
- Sector of environment
- Sector of energy
- Sector of maritime economy and inland navigation
- Sector of sport and tourism
- Sector of culture and national heritage
- Sector of science and higher education

## **IX. Scenarios for the development and implementation of the Strategy**

NFTU believes that the most desirable scenario for the development and implementation of the National Strategy should be as follows:

- President of Ukraine issues a decree by which the Coordination Council on the development of the National Strategy for the Transformation of Ukraine is established.
- Creation of the International Coordination Mechanism for Ukraine.
- Coordination by key Western partners of their strategy towards Ukraine.
- Taking decision about the range of experts and expert institutions who will take part in the development of the National Strategy.
- Development of the National Strategy, taking into account the works and recommendations of the NFTU.
- Launching the Sectoral Coordination Councils.

## **X. Budget for the development and implementation of the National Strategy for the Transformation of Ukraine**

The budget will consist of Ukrainian and Western parts. A more detailed structure of the budget for the transformation process will become clear after the development and approval of the implementation scenario of the National Strategy for Transformation in Ukraine.

**Strategy for Responsible development of Poland  
for the period up to 2020  
(including the perspective up to 2030)**

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Main objective: Creation of favourable conditions for the increase in income of Polish citizens while improving cohesion in social, economic and territorial terms

Specific objective I - Sustainable economic growth increasingly driven by knowledge, data and organizational excellence

Specific objective II - Socially sensitive and territorially sustainable development

Specific objective III - Effective state and economic institutions contributing to growth as well as social and economic inclusion
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Specific objective I - Sustainable economic growth increasingly driven by knowledge, data and organizational excellence

Area: Re-industrialisation

Area: Innovative business development

Area: Small and medium-sized enterprises

Area: Capital for growth

Area: Foreign expansion

Specific objective II - Socially sensitive and territorially sustainable development

Area: Social cohesion

Area: Territorially sustainable development

Specific objective III - Effective state and economic institutions contributing to growth as well as social and economic inclusion

Area: Law in the service of citizens and economy  
Area: Pro-development institutions and strategic development management  
Area: E-state  
Area: Public finance  
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## **Recommendations**

**for the President of Ukraine, leaders of political parties, deputies of the Verkhovna Rada of Ukraine, the Government of Ukraine, the civil society of Ukraine and international partners, based on the best practices of transformation in countries of Central and Eastern Europe**

Having analyzed the current crisis in Ukraine and successful experience of transformation in countries of Central and Eastern Europe (particularly Poland), the Civil Society Initiative National Forum “Transformation of Ukraine” would like to offer to consider and take into account:

### **Sources of Successful Transformation of Poland and Recommendations for Ukraine**

#### **Source of Success №1**

Experience:

**The choice of an evolutionary path to change: the Round Table as a mechanism of efforts consolidation of the civil society and government authorities to build a successful country.**

Application for Ukraine:

1. To use the National Forum “Transformation of Ukraine” within the country and abroad as a platform to coordinate and consolidate efforts of the civil society, all branches of the government and international partners in order to resolve the crisis and to implement the best European practices of country transformation.
2. To develop and implement the Concept of Transformation Programme for Ukraine with the cooperation of the Verkhovna Rada of Ukraine, the President of Ukraine, the Government of Ukraine and international partners in line with commitments of Ukraine under the EU-Ukraine Association Agreement and the EU-Ukraine Deep and Comprehensive Free Trade Area (DCFTA).

## Source of Success №2

### Experience:

#### **International assistance in transformation of Poland.**

1989	<p><b>G24</b> Foundation of Group 24 (G24) (at that time 24 members of the Organization for Economic Co-operation and Development) and a commitment to finance the Stabilization Fund that was subscribed to the International Monetary Fund (IMF) waiting program. G24 allocated approx. \$ 26.8 billion for bilateral assistance to Poland.</p> <p>Foundation of the Polish-American Enterprise Fund.</p>
	<p><b>PAEF</b> Areas of activity:</p> <ul style="list-style-type: none"> <li>• Lending programs</li> <li>• Direct investment</li> <li>• Technical assistance</li> <li>• Loans to important market segments and specialty financial services.</li> </ul>
1996	<p><b>NSEI</b> Creation of the National Strategy for European Integration, which was subsequently transformed into a National Program of Preparation for Membership in the EU.</p>
2004	<p><b>EU</b> Fulfillment of the Copenhagen criteria and membership in the European Union.</p>

#### **US Assistance to Poland over the Period of 1990-1994**

Assistance type	Amount, \$ mln.
Provision of grant assistance	719
Financing and insurance of foreign private investment of the corporation	700
Eximbank loan guarantees and investment loans	355
Official debt forgiveness	2 400
<b>Total</b>	<b>4 174</b>

## G-24 Donor Commitments

Donor	Donor Commitment (Dollars in billions)	Percentage
European Commission	1.6	6
European Investment Bank	1.2	4
France	4.2	16
Germany	5.5	21
Italy	0.8	3
United Kingdom	0.9	3
Other European Union countries	1.2	5
Canada	1.5	6
Japan	1.7	6
Sweden	0.8	3
Switzerland	0.8	3
United States	5.5	21
Others	1.1	4
<b>Total</b>	<b>26.8</b>	<b>100</b>

## International Financial Institutions

Donor	Donor Commitment (Dollars in billions)	Percentage
International Monetary Fund	4.3	48
World Bank	3.9	43
EBRD	0.8	9
<b>Total</b>	<b>8.9</b>	<b>100</b>

**TOTAL G-24 + International financial institutions commitments - \$ 36 bln.**

Application for Ukraine:

To develop and implement the West-Ukraine Project based on the best transformation practices in countries of Central and Eastern Europe.

**Source of Success №3**

Experience:

**Development of entrepreneurship through adoption of effective legislation and creation of powerful financial and institutional mechanisms.**

Application for Ukraine:

1. To develop the “Constitution of Business”.
2. To establish the Ukrainian-Polish-American Enterprise Fund.
3. To enhance role of the Ukrainian and international financial systems in the business sector of Ukraine.

**Source of Success №4**

Experience:

**The reform package of rapid transitioning to a compatible market economy.**

Application for Ukraine:

(The working group is developing relevant recommendations for Ukraine.)

**Source of Success №5**

Experience:

**Decentralization of the state, reform of the local government and regional development.**

Application for Ukraine:

1. To develop and implement a regional policy based on the principles of self-government empowering.
2. Effective use of the Fund of Regional Development of Ukraine.

### Source of Success №6

#### Experience:

**Adoption of the Constitution, which guaranteed individual rights, stabilized the institutions of Polish democracy and balanced the activities of all branches of the government so that no part could attain a dominant position.**

#### Application for Ukraine:

To carry out a Constitutional reform with the aim to allocate responsibilities of the legislative, judicial and executive power.

### Source of Success №7

#### Experience:

**NATO membership enhanced the level of state security in countries of Central and Eastern Europe.**

#### Application for Ukraine:

To develop and implement a concept of cooperation with the Transatlantic Alliance.

### Source of Success №8

#### Experience:

**The process of adapting to the requirements of the membership and accession to the EU caused systemic transformation in countries of Central and Eastern Europe. The success was provided by the National Strategy for European Integration of Poland, followed by the National Programme of Preparation for Membership.**

#### Application for Ukraine:

To develop and implement the National Strategy of Transformation of Ukraine, based on the international experience, the current situation and needs of Ukraine. The

Strategy will enable the country to fulfill the Copenhagen criteria<sup>1</sup>, binding for the Member States.

### **Source of Success №9**

Experience:

**Development of the civil society.**

Application for Ukraine:

To develop a mechanism of involvement of the structured civil society into country building and government authorities control.

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<sup>1</sup> The Copenhagen criteria are the rules that define whether a country is eligible to join the European Union. The criteria require that a state has the institutions to preserve democratic governance and human rights, has a functioning market economy, and accepts the obligations and intent of the EU.

**STATEMENT**  
**on foundation of the Interfactional Deputies Association**  
**“Transformation of Ukraine” in the Verkhovna Rada of Ukraine of the**  
**9th convocation**

January 17, 2020

Kyiv

**We, Members of the Parliament of Ukraine,**

based on the need for a systemic transformation of Ukraine, taking into account the need to preserve Ukrainian statehood, ensure sustainable development of the civil society, develop a competitive economy, establish favorable conditions for business development, implement real transformational changes in the political, socio-economic and cultural-spiritual dimensions, joining forces to implement the provisions of the Association Agreement between Ukraine and the European Union, the European Atomic Energy Community and their Member States (hereinafter referred to as the Association Agreement),

**declare the foundation of the Interfactional Deputies Association “Transformation of Ukraine”.**

The Interfactional Deputies Association “Transformation of Ukraine” operates on the principles of self-government. It is open to accession by other MPs and is aimed at cooperation with the leaders of the Verkhovna Rada of Ukraine, parliamentary factions and committees of the Verkhovna Rada of Ukraine, the Office of the President of Ukraine and the Cabinet of Ministers of Ukraine, other state authorities, local self-government bodies, public organizations and associations.

The goals of the Interfactional Deputies Association “Transformation of Ukraine” are:

- consolidation of efforts of legislative and executive branches of government, local self-government, expert and business environment, international experts and institutions to discuss and develop tasks that need to be addressed in the process of building a modern, legal, social, economically developed and secure Ukraine;
- cooperation of legislative and executive authorities, local self-government, the civil society and key international institutions in the implementation of transformation processes in Ukraine, providing for systematic transformation of Ukrainian legal, economic and social systems in line with the best international standards and principles.

The tasks of the Interfactional Deputies Association are:

- to facilitate creation and cooperation of the Transformation of Ukraine Support Groups in the European Parliament, the US Congress, the Parliament of Poland, Lithuania and other friendly countries;
- facilitating the implementation of the Association Agreement provisions in the context of the creation of a “fast track” for the adoption of laws aimed at implementing the provisions of the Agreement;
- to facilitate meetings of the National Forum “Transformation of Ukraine”;
- to provide support for the Sectoral Forums of the National Forum “Transformation of Ukraine”;
- to create a system of making and adopting laws in line with the European practice.

**Co-chairmen of the Interfactional Deputies Association “Transformation of Ukraine” are:**

the representative of the deputy faction of the political party “Servant of the People” – Andrii Klochko;

the representative of the deputy faction of the political party All-Ukrainian Union “Batkivshchyna” – Ivan Kyrylenko;

the representative of the faction of the political party “European Solidarity” – Ivanna Klympush-Tsyntsadze.

**STATEMENT**  
**on creation of the Interparliamentary Forum**  
**“Transformation of Ukraine”**

\_\_\_\_\_, 2020

**We, Members of the Verkhovna Rada of Ukraine and Members of the Sejm of  
the Republic of Poland,**

realizing the significance of the challenges faced by Europe;

given that Ukraine is irreversibly integrating into European and global space of Western community;

recognizing the need for a systemic transformation of Ukraine necessary for peace and security in Eastern Europe and strengthening civil society in Post-Communist states;

with the aim of expanding cooperation between Poland and Ukraine, further strengthening of security, stability and friendly relations;

with the main task of facilitating development and implementation of a comprehensive long-term National Strategy for Transformation of Ukraine, based on successful experience of country transformation in Central and Eastern Europe,

**declare the creation of the Interparliamentary Forum “Transformation of Ukraine”.**

Interparliamentary Forum “Transformation of Ukraine” operates on the principles of self-government. It is open to accession by MPs of friendly countries and is aimed at cooperation with state authorities and civil society of friendly countries, public organizations and associations, financial and security institutions and organizations.

The goals of the Interparliamentary Forum “Transformation of Ukraine” are:

- support for Ukraine's European integration aspirations and the right to independently decide the country's future, foreign and domestic policy;

- assistance to Ukraine in compliance with the Copenhagen membership criteria in line with the Article 49 of the European Union Treaty;

- maintenance of the approach that full normalization of relationships between Russia and EU is based on Russia's willingness to end its aggression and destabilizing actions in Ukraine;

- consolidation of efforts of legislative and executive branches of the Government of Ukraine, expert and business environment, international experts and institutions to develop and implement the National Strategy for Transformation of Ukraine that will provide for the process of building a modern, law-bound, economically attractive and secure Ukraine;

- facilitation of creation and cooperation of the Transformation of Ukraine Support Groups in the Parliament of Poland, the Parliament of Lithuania, European Parliament, the US Congress, the Parliament of Germany, the Parliament of Canada and other friendly countries.