

The European Union's ENPI Programme for Ukraine

Support for the implementation of the EU-Ukraine Association Agreement / A4U Project

Project Identification No.:

EuropeAid/137074/DH/SER/UA

Contract N: 2015/370-128

A4U Reviews-Comments-Briefs N16

KAS's VII Euro-Atlantic Forum (17 Sept. 2018); EU-UA Association Forum Readout (19-21 Sept 2018) and EUI Policy & Reform Digest (Sept. – Oct. 2018)

Prepared by B. Jarabik, STE of the A4U EU Project. It reflects views of the STE only and not the official position of the Project, let alone the EUD. Key Expert: Dr J. Zakonyi

September-October 2018



This project is funded by
the European Union



A project implemented by Consortium led by
GFA Consulting Group GmbH



Funded by
the European Union

Implemented by a
Consortium led by GFA
Consulting Group

KAS`s VII. Euro-Atlantic Forum

Readout

(17 September 2018)

Summary:

The 7th Euro-Atlantic Forum of KAS was perhaps one of the most “dogmatic” event I’ve participated. Essentially no speaker mentioned the AA/DCFTA but focused mostly on security issues, NATO integration and Russian aggression.

One of the reasons was, according to KAS organizers I talked to, that international guests were former NATO officials and having security background.

I managed to spent 15 minutes with VPM Klympush discussing (based on her initiative) Hungary-Ukraine relations, EP vote on Hungary and AA/DCFTA implementation (report, fellows capacity in 2019).

Key Points:

Vice Prime Minister Klympush mentioned 2 major trends/risks: populism and aggression. The former is a risk for Europe, the latter mostly for Ukraine but these are interconnected how Russia supports far right in the EU as well. Given Russia opposes Ukraine`s Euro-Atlantic integration no one else should, she said. According to her, it is utmost important to keep unity within the Euro-Atlantic community and rules based international order in order to live in peace.

Canadian Ambassador Washchuk was perhaps the most pragmatic and focused on how to improve the reform process. According to him, Ukraine does not need more advisors but more doers in all field, reforms, trade promotion, etc. Listening first should be the rule by internationals. According to him, Putin`s Russia is not the most resourcesfull but has the ability to make quick decisions. The „rule based order” is heavy in procedures and not enough pragmatic and flexible.

Former NATO Deputy Secretary General Alexander Vershbow insisted that Ukraine's access to the Enhanced Opportunities Partnership format has been blocked not only because of the Hungarian stance. The former NATO high official said that Ukraine's accession to this format will be beneficial. This information was also confirmed by Foreign Minister Pavlo Klimkin, “The issue is not only Hungary. Ask our German friends about their position,” he noted. Klimkin added that he considers the actions of some partners of Ukraine to be erroneous. “If

Russia's logic is to constantly raise the stakes, some of our partners have the tactic of constantly lowering the stakes. And this is playing into Russia's hands," he added.

Foreign Minister Pavlo Klimkin informed that Ukraine's accession to the Enhanced Opportunities Partnership with NATO is not critical for Ukraine's cooperation with the Alliance, however such format is beneficial. Therefore, Ukraine will be making its way towards it.

He said that the prolongation of the law on the special features of the local self-government in certain districts of Donetsk and Luhansk regions is possible if progress is reached on the issue of releasing political prisoners and hostages. Pavlo Klimkin also informed that he would terminate the agreement of 2003 between Ukraine and the Russian Federation on cooperation in the use of the Sea of Azov and the Kerch Strait.

Head of the Verkhovna Rada's Committee on Foreign Affairs Hanna Hopko said that Western partners should not only urge Ukraine to prolong the law on the special status of Donbas, but also to develop clear mechanisms for increasing pressure on Russia in order to resolve the conflict peacefully.

She also stated that the Hungarian authorities are exercising pressure on the official Kyiv including blockage of the movement to NATO and counting on Ukraine's consent to creation of the national Hungarian autonomy in Transcarpathia. Hopko added that the territorial autonomy of the Hungarians in Transcarpathia will never happen, no matter how Budapest dreams about it.

"The open door policy' is working, and Ukraine despite the Russian aggression has chances for Euro-Atlantic integration. Ukraine already spends more than 5% of the GDP on the security and defence sector, has one of the most powerful armies with unique practical experience, and therefore we can be considered as a partner who can make a contribution," wrote MP Hanna Hopko.

She underlined Russian hybrid war with an example of Russian oligarch Friedman (from Alfa Bank) organizes a jazz festival in Lviv while GPO's Lutsenko attended along with other government officials. She ended by making a comparison to Greece: Ukraine needs more support against Russian aggression, look at how much money Greece has received from the EU she said



Funded by
the European Union



Implemented by a
Consortium led by GFA
Consulting Group

Association Forum Readout Date: 19-21 September 2018

Highlights

The 2nd Association Forum was well-organized, high level with relevant speakers, excellent experts, and proved to be a great networking event.

The real value of the Association Forum is an established venue where those working on the AA/DCFTA – national and EU officials, NGOs and international experts - can meet together in a different format than the usual working meetings.

The two most informative panels were:

- Discussing EU assistance due to the Chatham House assessment and the debate around it
- Economic/trade panel with an excellent presentation by WIIW on DCFTA actual impact.

One of the key lessons learned from the Forum is that the so-called “roadmaps”, to prioritize the implementation, as well as the public administration reform allowing to pay professionals in civil service better, have been successful steps to advance the AA/DCFTA implementation in both Ukraine and Moldova.

Key takeaway from current EU assistance toward Ukraine: less direct budget support as the Government of Ukraine was not able to utilize at least half of what was appropriated, in this case the remaining funding goes back to the member states.

Most surprisingly, essentially no civil society presence during the conference beyond the usual suspects at the first day - what is surprising from a civil society project. The third day was essentially free from participants, I counted up to 10 participants at the trade and economic cooperation panel, while this is the key component/topic of the AA.

At the same time the online broadcast available on the Civic Synergy Project website brought an audience reaching 1,200 for some of the panels, what is quite significant considering the technical topics.

The EU Ambassador Mingarelli highlighted those sectors where AA/DCFTA implementation goes well in Ukraine: competition, state aid, public procurement, technical barriers to trade, energy, environment, statistics. He also named those where implementation is lagging behind: transportation, customs, taxation, intellectual property.

Particularly there is a difference between the reform of customs in Georgia (effective and corruption free) as well as Moldova and Ukraine where customs continued to be a major source of corruption.

Detailed Readout

State of Association

Stefanishyna (Ukraine):

Political consensus in the Rada to deliver. Now there is a unified legislative agenda what is under implementation. After 4 years this is a good starting point, and it took 4 years to get everyone focusing on the same plan and not running under different slogans.

We all have a higher ambition when it comes to EUI, but we need to focus more on the current Agreement implementation. It needs a constant education toward the Rada and also voters to remind the implementation/responsibility and also that this is a most comprehensive plan toward EIU we can currently get.

Morari (Moldova):

Cut in civil service (1/3) due to balancing Moldova's budget has its negative consequences on implementation, but helped GoM to concentrate on priorities, hence there has been no significant delays.

Actual implementation can be followed by the government report, EC report as well as civil society alternative report.

Key challenge is still coordination of all the laws and the implementation tasks. The actual priority list till the next elections is over 100 laws connected to AA/DCFTA. That is close to impossible to achieve due to the complexity and the GoM does a "priority of priorities".

Moderator: 1 million cars from the EU to AA/DCFTA countries. But these coming w/o catalyzers as costs matter (especially in GE) what also having consequences for the environment in EaP countries.

Karaulashvili (Georgia):

The case of car catalyzers shows the complexity of reforms, local difficulties that were facing with these reforms, ie implementing EU standards in EaP countries. The process started with a technical check of buses, construction cars, then from July this year the government owned cars are already eligible for this technical upgrade, while next year all other vehicles should be checked.

Re: catalyzers should be taken off the list of requirements because the high and immediate cost. Instead, it needs to be a gradual approach, otherwise the government will suffer politically. VAT taxes were redistributed in a way that electric cars are free of taxation. There are very small duties for hybrid and very high taxes for car that have large engines. In Tbilisi (but only there), the percentage of electric cars increased significantly during the last few years.

Lorenz, (EEAS, acting head of EaP):

Achievements are national roadmaps (priorities) both in Ukraine and Moldova.

In Ukraine the context matter, too, there is an on-going conflict in Donbas and Russian aggression, therefore Kyiv can relax. Few areas of focus: fight against corruption (high ACC

establishment, customs) and keeping the reform momentum in the upcoming elections, working and communicating better together/visibility to show to population the concrete results.

DM: improvements in trade, economy but concern in rule of law remains and that last one will be decisive.

Q/A

PAR in Moldova: GoM need to fire 1/3 of civil servants to keep the IMF conditions while increasing salaries what is the single biggest obstacle to attract/keep professionals in the government dealing with EUI.

PAR in Ukraine: there was a good communication campaign to introduce government officials positions as part of the labor market. Beyond increased salaries there is a lot of investment in the training & education. In the end of the day you see that the best civil servants are not the one best paid but the most motivated and having the necessary capacity (knowledge). It is very important to invest into people, not only processes – this what boosted the public administration the most.

PAR in GE: salaries in PA are also higher, what of course works to keep/increase capacity of qualified people.

OT: regarding challenges, membership perspective is not in the AA but importantly membership ambition was there, at least this is an argument for the Ukraine MPs who ask why we should align policies with the EU, if the EU would not reciprocate this.

DM: on challenges, too many technical details, 27 “best practices” depending on the actual EU advisers` nationality. Re: communications, key to communicate with those skeptical. Improving trade is the key to communicate, even TNS trade is significantly increased with the EU due to the DCFTA. The other topic – toward TNS – is the visa free, Moldovan passport holders have increased 5x in TNS in a year – these could lead toward re-integration in practical terms, but of course in a long-run.

Integration without Membership (including A4U STE Lazowski)

Emmerson (CEPS): Joining CEFTA or a creating new Neighborhood Economic Community as next steps?

Kachka (IRF): Ukraine “invented” a new form of integration with its 4 new sectors: digital, customs, Schengen and energy union.

Lazowski (A4U): Brexit reveals both the usefulness (what is beneficial) and weakness (what is missing – like transport) of AA/DCFTA for EaP. Ukraine at al should follow the debate and use as argument in dialogue with the EU how to improve the AA framework. However, as Kachka said, currently Brexit is a swearword for the EC, not possible to use it.

Tenzer (CERPLP): Europe is all about geopolitics, the EU is too technical in its key mechanisms re: EaP. Membership should be back to the limelight, also because of the Russian aggression. New mood in Europe is an important factor though: some new members states would not get in to the EU today (Bulgarian, Romania and Hungary). Poland is a

different story, it is in between. Rule of law is key and will be the most important for EaP countries as well as much as for EU member states.

Kachka: there are too many soundbites, for example how corrupt and slow the Rada is at the same time it has voted for key sectoral reforms and AA legislation.

Lazowski: lack of membership is difficult for the UA/GE authorities where the business community is divided over where it exports to + the public, too. Don't forget that the Brexit is deep integration, not AA format.

AA Implementation (moderated by A4U STE Jarabik)

Wolczuk's Paradox: Weak state what AA should strengthen is the cause of slow implementation. Is Ukraine become too important to fail, more precisely this is how the ruling elites in Kyiv feel/act. The EU's promise/ethos of unwavering support contribute to the limited implementation. The AA brings undoubtedly benefits, at the same time it weaknesses are limited flexibility at technical assistance project design, short-termism, and lack of local capacity.

Zeruolis: Ukraine is flooded with international assistance but there is limited local capacity and disappearing project and other memory of international donors (to learn from previous mistakes). There should be a stop for shopping with various models – the saying is that the EU has 27 best practices – but focusing more on actual coordination, what should start with much more serious data collection and information sharing among donors. Most effective assistance are local reform support teams but there is no library of EU supported products (except EU4Business). There are also too many trainings for the very same people by now.

Kutsevol: mentioned A4U as a good practice what should be kept. Chaos locally in adopting acquis, little coordination, no political leadership. It is on civil servants to absorb advice, this is not build in to the government DNA, assistance is too short-term, should be longer, bridging elections/change of governments.

Wagner: EU assistance is unprecedented, reforms going on, came from Rada what just adopted legislation about creative industries. Brexit means there will be less money overall for the EU, but current level of EUR 200m/annually as grant for Ukraine should stay. Key takeaway from current assistance: less direct budget support as GoU was not able to utilize at least half of what was earmarked and decommissioned funding goes back to the member states. The EU bought local capacity boost: infusion of fresh blood via technical assistance projects and PAR into the civil service.

Trade and Economic Cooperation

Enclosed Peter Havlik's presentation on current trade and economic developments of Ukraine, Georgia and Moldova.

Havlik: What DCFTA brought?

Trade deficit in GE.MD – impressive recovery of exports to the EU, increased by 22%. Trade deficit has bene increasing again. Restructuring of the economy very much depends on the inflow of the Foreign Direct Investment., what was one of the hopes for purposes of the

implementation of the DCFTA that it will stimulate the inflow of the Foreign Direct Investment. Yet, “FDI stocks in DCFTA countries are still low compared to the regional peers. One can say that so far, we cannot see any substantial effect of the DCFTA on the FDI inflows. This is discouraging development. Indeed, the time of the implementation is probably still rather short but would suggest that one should really follow how the evolution of flow of FDI is evolving, how these investments contribute to restructuring.”

One of the characteristic and specific features is a rather high investments coming from different off-shore destinations – here you have a very high share of Cyprus and other off-shore destinations. The situation is similar in other DCFTA countries. Investment climate in these countries is still not very inviting for attracting real investors which would contribute to the modernization and restructuring of these economies. The same situation is in Moldova. We have uneven trade performance. Few signs of restructuring. Low foreign Dir Stocks – still DCFTA is not visible in improving the DCFTA climate.

EaP 20220 Deliverables

Very little useful/new information has been delivered. The panel was similar to what one of the participants said about the EaP 2020 Deliverables: lot of vagueness in the document.

Bojkov (EEAS): In the new MFF, the multifinancial framework is now coming along for the next 7-year period after 2020, the instrument for the Neighbourhood is now being subsumed under a global instrument for external policy. Although negotiations have not been easy the EC managed to raise a budget of 22 bln for the whole Neighbourhood in the next MFF. In terms of policy areas: in the economy area we are the area number one, we see a clear increase in trade, reducing roaming charges, access of finance to businesses will be in local currency.

Other achievements: all 3 countries have adopted the e-asset declaration mechanism. All three countries participate in the CSDP missions of the EU. There is a Memorandum of Understanding with 3 countries in jointly defining the transport network. Second example – south gas corridor. Finally, example of connectivity: energy legislation, infrastructure. Fund for energy efficiency of residential buildings in Ukraine.

DCFTA countries are uniquely placed to benefit from their Association Agreements, precisely in terms of these priorities – economy, governance, connectivity and society. And for this reason, the European Union set up within our overall assistance package the so-called DCFTA facility. This facility provides funds for about 200m only for these 3 countries. And this is on top of what Ukraine has now on this occasion. These 200bln are grants which help raise... work in support of cert elements – risk-sharing mechanisms, currency hedging, investment incentives, and of course technical assistance.

Better Market Access via Customs

Georgia: agriculture is one of the top priorities for Georgia, quite well regulated by the AA, unlike UA and MD. According to the data of 2018, during the first 6 months, the export to the EU countries have been increased by 32% in agricultural sector.

Legal approximation: from 2015 to 2027 we took this period of transposition, 74 EU regulations and directives - main legislation is in place. GE also fulfilled all commitments

timely. State control, food safety, hygiene package, microbiological control of food etc. It was also very sensitive for the private sector when we introduced these requirements. One more challenge was to elaborate some kind of guidelines where in a simple way we could explain to the state inspectors as well as to the private sector what particular requirements should they need and to adjust their business to these requirements. We are trying to conduct training and workshops for the inspectors.

Engagement of civil society to participate in the legislative process is important. These legal acts are not developed by the lawyers. Different fields, legal entities, experts on different directions. All draft regulations are uploaded on the webpage – dcfta.gov.ge.

Private sector is not very happy though with the upcoming changes. For them it is easier to follow the old legislation. Little by little there are more requests for high quality food. GE is going forward in that direction even though there are some awkward directions – identification rules for wild animals – “why does my cow need a passport?” This raises the need of proper communication with the private sector and the government developed a communication strategy.

When we are talking about how to measure whether it is successful the signing of the DCFTA, we shouldn't look only on export numbers and figures. As a representative of the Ministry which is responsible for food safety, veterinary and plant protection, I should emphasize that it is one of the biggest benefits that's stemming from the DCFTA – we are improving and transforming our food safety system, we are transforming our state institutions, and our consumers will be able to have access to more safe food, their animals will be better protected from the veterinary disease, and the plants will be better protected from pests and harmful organisms.

Akulenko (Ukraine):

Ukrainian negotiators managed to get 10 years for Ukrainian champagne. Industrial products: a few years ago – 2016... trilateral, Rus, EU – trying to get consensus over the intro of the DCTA, Russia was screaming about damage to its econ interest – no results for 1,5 ys. Russia said to scrap obligations from Caucasus... scrap provisions eliminating GOS standards.

The good news is that the harmonization between the Eurasian Economic Union and the EU and has been advancing rather well. What is left from the DCFTA – in customs services – there is a major difference bet GE and MD and UA on the other. This is not the matter of legislative approximation – but basic managerial efficiency and reducing corruption.

Customs services in Georgia are efficient, free of corruption. Neither in MD or UA it is the case. There is a huge functional performance challenge that remains. Given the real progress being made on the technical barriers to trade (what was highlighted by Ambassador Mingarelli as well) as well as the tariffs this remains very important task both for UA and MD.

UA with its considerable huge potential to be a huge diversified industrial economy, it's obvious being direct neighbor with the EU ..to establish supply chain neighbourhood with the EU is absolutely the thing to do. And for that you got to clean up the customs services

Cenusa (Moldova):

Effective application of quality infrastructure (roads, etc) is a key achievement. How much of these 80% of standards are applied? This possibility of having certificates both on costs and EU standard. Sometimes its about mentality, and some business is still connected to GOS philosophy. These GOS standards allow to enter the Russian market. Sometimes the GOS conflict with the ENS standards.

On the one hand – we hand very good speed of adoption of European standards, but then we have an accreditation body which believes that the interests of business are a priority. Sometimes this process of changing equipment and starting to produce according to EU standards is costly. It was a decision that we should adopt all EU standards till 2019.

Legal application of DCFTA provisions. When some producers in MD tried to produce Prosecco, which is a geographic indication, we have producers who were trying to sell it under the Italian name on the local markets with the argument that AA/DCFTA was not in force when it was produced.

Civil Society Panel

The Moldovan, Georgian and Ukrainian civil society representatives were considering that are not enough supported by the relevant European institution.

According to their majority`s opinion, the current institutional architecture for the implementation of the Association Agreements with these countries is not very helpful and seems to not respond effectively to the civil society expectations.

The leading opinion was that “time has come for an open and honest dialogue with the EESC, European Commission and other relevant institutions, for establishing the resources that will be allocated for supporting the civil society activities in the framework of the implementation of these Association Agreements”.



Funded by
the European Union

Implemented by a
Consortium led by GFA
Consulting Group

EUI Policy & Reform Digest

September-October 2018

This digest has been prepared by A4U project as a review of the most relevant international and local European Integration (EUI) and reform related analysis and papers (Reforms Review).

The current volume includes major papers of the Slovak Foreign Policy Association on the legal modalities of AA/DCFTA, an assessment of EU assistance to Ukraine by Chatham House as well as a detailed policy brief on decentralized by SKL/SIDA followed by decentralization related polls by DFID and a paper on rural development and DCFTA impact by the Kennan Institute.

The volume summarizes environmental law review (RAC), review of digital harmonization (PRISM) and an UCEP policy paper on transparent customs for trade with the EU.

EUROPEAN INTEGRATION

Slovak Foreign Policy Association`s Legal analysis: Integration on without Membership - Potential and limits of Ukraine`s Association with the EU

The detailed analytical publication is to explore modalities for improving institutional mechanisms for the EU–Ukraine cooperation on under the Association Agreement with the Deep and Comprehensive Free Trade Area (AA/DCFTA). The paper argues that despite of no membership perspective in the AA/DCFTA, the dynamic nature of its AA/ DCFTA, which includes harmonization with the existing, but also newly adopted *acquis communautaire*, will create a constant pressure on the institutional framework for the EU–Ukraine cooperation and Ukraine`s capacity to work with the EU.

The paper examines existing similar contractual frameworks between the EU and third countries, i.e. EEA (European Economic Area) Agreement of the EFTA countries (European Free Trade Area – Norway, Island and Lichtenstein), contractual model of the so-called Swiss bilateralism, Customs Union with Turkey, Stabilisation on and Association on Agreements with the Western Balkan countries and the former European Association Agreements with Central Eastern European countries. Their finding is that Ukraine`s AA/DCFTA is similar to EEA Agreement, TCU, EEAs and SAAs when it comes to its dynamic nature as it includes constant approximation of national legislation not only with the existing but also newly adopted EU *acquis*. However, in terms of legal quality of transposition of EU *acquis*, it is less ambitious than the above contractual frameworks as it does not require achieving a strict legal homogeneity with the EU *acquis*. It rather requires achieving a legal equivalence with the EU *acquis* what brings it closer to the SBSAs and/or Swiss model of differentiated integration, which applies a “harmonization with flexibility” method for transposition of the EU *acquis* into national legislation.

There is no legal enforcement authority as for example the EFTA Court established by the EEA Agreement, but Association Council consists of the representatives of the European Commission, Council of the EU and the government of Ukraine with rotating chairmanship. It is authorized to monitor the implementation of the Agreement, make binding decisions and has right to amend annexes to the Agreement following an evolution of the EU legislation.

Last but not least, Ukraine's association with the EU in the area of its involvement in the policy-shaping process within the EU, does not provide for the most ambitious institutional arrangement which the EU has established with non-member states over the last two decades. Ukraine has the access to the two basest levels of participation of non-member states in the EU institutions, first, international organizations, of which the EU is part; however, they are not part of the EU institutions, e.g. Energy Community, and second, EU programs and agencies, including their respective committees, that are advisory and central EU institutions, although, they are not participating directly in the EU legislating process.

The comparative analysis shows that AA/DCFTAs include the largest structural asymmetry in the existing integrative contractual frameworks for the EU relations with third countries that means a gap between a range of approximation with the EU acquis on one hand, and the level of institutional involvement of a contracting country into policy-shaping within the EU on the other. As a key recommendation, Ukraine should be offered at least the same modalities for inclusion into the EU policy-shaping as they are in place in case of EEA countries, Switzerland and Turkey. Reference:

https://www.researchgate.net/publication/317825446_Integration_without_Membership_Potential_and_limits_of_Ukraine's_Association

Rebuilding Ukraine: Chatham House` Assessment of EU Assistance to Ukraine

Comprehensive and comparative look at the EU assistance to Ukraine including comparing the level of assistance to Central and Eastern European countries in pre-accession period (203 EUR/capita) to assistance to Ukraine (100 EUR/capita – see the table below). According to the assessment EU's assistance from 1992 to 2013 helped to raise awareness of European rules and standards in Ukraine but had a negligible impact on the functioning of state institutions. Since 2014, the EU has stepped up its assistance and has in effect supported the rebuilding of Ukrainian state institutions.

A number of important and unique to Ukraine innovations have been introduced such as the Support Group to Ukraine, longer and bigger assistance programs (under devolved agreements), staff positions dedicated to reform, and extensive macro-financial assistance. At the macro level, the Support Group coordination (within the EU institutions and member states) and planning of assistance have focused on developing an approach that embraces whole sectors. In contrast, assistance before 2014 consisted of a large number of individual projects. Technical assistance projects can be effective in transferring specific technical knowledge and skills, but their narrow focus and short time scales are far less beneficial for institution-building. The authors recommend, given the challenge of transforming Ukrainian institutions, a smarter, more flexible and more differentiated approach to using EU assistance for individual projects is needed.

Table 1: EU pre-accession assistance to Central and Eastern Europe, 1990–2006,* grant allocations (commitments)

Country	Total, € million	Per capita €
Bulgaria	2,943	360
Czech Republic	1,220	119
Estonia	511	357
Hungary	1,987	195
Latvia	712	291
Lithuania	1,126	321
Poland	6,122	159
Romania	5,264	233
Slovakia	913	170
Slovenia	443	221
Total Central and Eastern Europe	21,239	203

Ukraine (1991–2006) 1,751 35

Ukraine (1991–2016) 3,824 79

Ukraine total (1991–2020)** 4,830 100

Reference: <https://reader.chathamhouse.org/rebuilding-ukraine-assessing-eu-assistance-ukraine>

REFORMS REVIEW

SKL/SIDA Policy Brief: Fiscal Decentralization and Local Government Finance Reform

This comprehensive, detailed analysis on Ukraine's decentralization reform outlines positive affect of the country's landmark reform what led 39% of the rural population or 19% of the total population living in democratically elected townships large enough to manage and finance their basic public services --including most importantly their school systems. The paper sets concrete recommendations to address shortcomings including the date when volunteer amalgamation should end, to determine the role of rayons in Ukraine's future governance structure as well a show to stabilize and making sustainable the equalization system.

In addition, an August 2018 poll by DIF revealed that 43% of respondents support (in June 2017– 42%), while 22% showed a negative attitude towards decentralization reform (in 2017 – this figure was 27%). Proponents of the decentralization reform prevail in all macro-regions of Ukraine, with the exception of the East (there the level of support for such reform is only 24%, while 29% declared a negative attitude). The highest support of the policy of decentralization was noted in western regions of Ukraine (53%). At the same time, the majority of Ukrainians, as earlier, do not feel the changes from the use of additional funds that were received by local budgets over the latest years – 61% of the population expressed such a position (in June 2017 - 55%).

Kennan Institute Article: Rural Donbas and DCFTA

This article writes about the impact of DCFTA in rural Donbas and warns about the possibility of a perfect economic storm raging over the region's smallholder farmers will accelerate their economic collapse, finishing off what production remains and accelerating labor migration. The Ukraine government could expand the regulated sale of produce to the occupied territories and improve market infrastructure in remaining cities of the government-controlled areas. Kyiv could launch material and technical assistance for smallholders to comply with the new meat and milk sanitary requirements, turning a looming threat into an opportunity. Government co-financing for agricultural diversification could be offered to help activate the dormant capital held by commercial farmers.

RAC's Environmental Policy and Law Review (August 2018)

The Resource and Analysis Center "Society and Environment" prepared its monthly review of the main developments in Ukraine's environmental policies.

PRISM: Digital Harmonization Review

The need to integrate the digital markets of the Eastern Partnership countries into a single European space has caused the emergence of the initiative "Harmonization of digital markets", in which Ukraine is also involved. Formal confirmation of the start of the formation of policy in the digital sphere was the adoption in early 2018 of the Concept for the Development of the Digital Economy and Society of Ukraine for 2018-2020. This document contains the main goals and principles of the country's digital development, as well as an indicative plan for their implementation. But this is not enough when it comes to the need for synchronized development of each separately taken sphere of the process of harmonization of the digital market of Ukraine within the framework of the policy of the Eastern Partnership, namely: rules for the provision of telecommunications services and digital infrastructure; trust and security in the digital economy; e-commerce (eCommerce, eCustoms and eLogistics); digital skills; research in the field of ICT, innovation and start-up ecosystems; electronic health.

UCEP Policy Paper: Visa Free Movement of Goods - Transparent Customs for Trade Within the EU

The Ukrainian Centre for European Policy launched a series of reports aimed at initiating a discussion on possible ways of real integration of Ukraine into the European Single Market by individual sectors, putting the Association Agreement between Ukraine and the EU in practice. The first paper focuses on free movement of goods across the customs border is an important factor in boosting trade between Ukraine and the EU. The paper concludes that while the AA/DCFTA specifies a number of commitments that Ukraine has to fulfil in order to harmonize national legislation with the requirements of the relevant EU acquis, these steps will be insufficient for actual approximation of Ukrainian and EU customs procedures and customs control. The policy brief lays down a much more profound list of mutual steps (related to both legislative approximation and implementation) for Ukraine and the EU to undertake in order to ensure that Ukrainian and European goods move across the EU-Ukraine customs border the way they do today within the EU, that is on "visa-free" terms, which implies harmonization of regulations, procedures, and systems of information exchange, as well as avoiding duplication of customs controls because it slows down trade between our countries.