



PULSE OF THE WEEK

#4

Researching public opinion on the most important events of the week

September 23-29, 2023 (No. 38)



RESEARCHING PUBLIC OPINION SINCE 2011



EXPLANATION TO THE LIST OF REFORMS FROM THE USA

Ukraine was sent a new list of reforms from the White House as a condition for receiving further military aid. Such a letter was sent by the White House Deputy National Security Advisor for International Economics. It was received by the Donor Coordination Platform. According to Ukrainska Pravda, this letter was also sent to the Prime Minister of Ukraine Denys Shmyhal and to the Office of the President of Ukraine.

For its part, the USA outlined all reforms based on its own subjective priority, supplementing them with the time intervals for implementation and commented on their necessity. The ultimate goal is the integration of Ukraine into Europe, which is strongly supported by the United States of America, so that in the future “American and European companies will want to invest” (in Ukraine — *editor's note*).

This list is provided as a basis for consultations with the Ukrainian side and key partners within the Donor Coordination Platform at the Multilateral Donor Coordination Platform for Ukraine in Brussels. It is there that the discussion of the proposed changes with Ukraine is going to take place.

The proposed reforms concern the judicial branch of government: State enterprises, anti-corruption bodies such as SAP, NABU, NACP, the functioning of Supervisory Councils and the Supreme Council of Justice in general.

The next priority is changes in the work of Ukraine’s Ministry of Defense and all law enforcement agencies during the year.

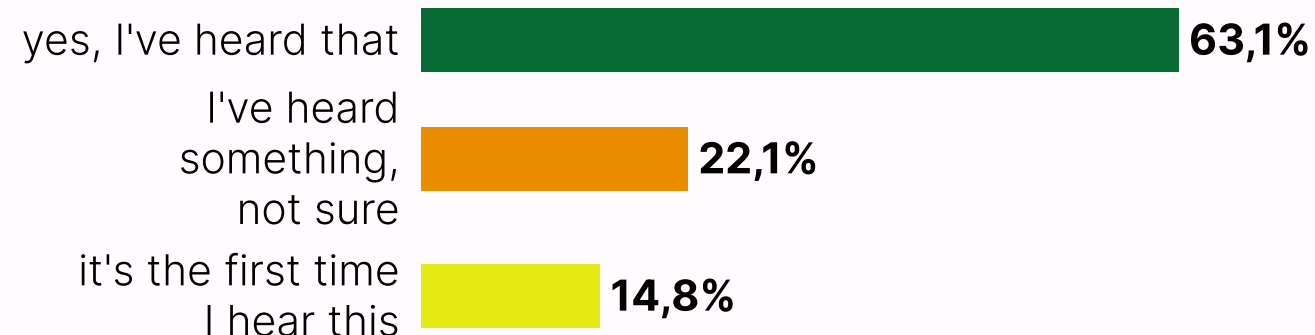
As President Joe Biden stated during a White House meeting with President Volodymyr Zelenskyi: “Just as we are committed to helping the Ukrainian people defend themselves now, we're also committed to helping them recover and rebuild for the future, including supporting reforms that are going to combat corruption...”

Sources: UNIAN, Suspilne Novyny

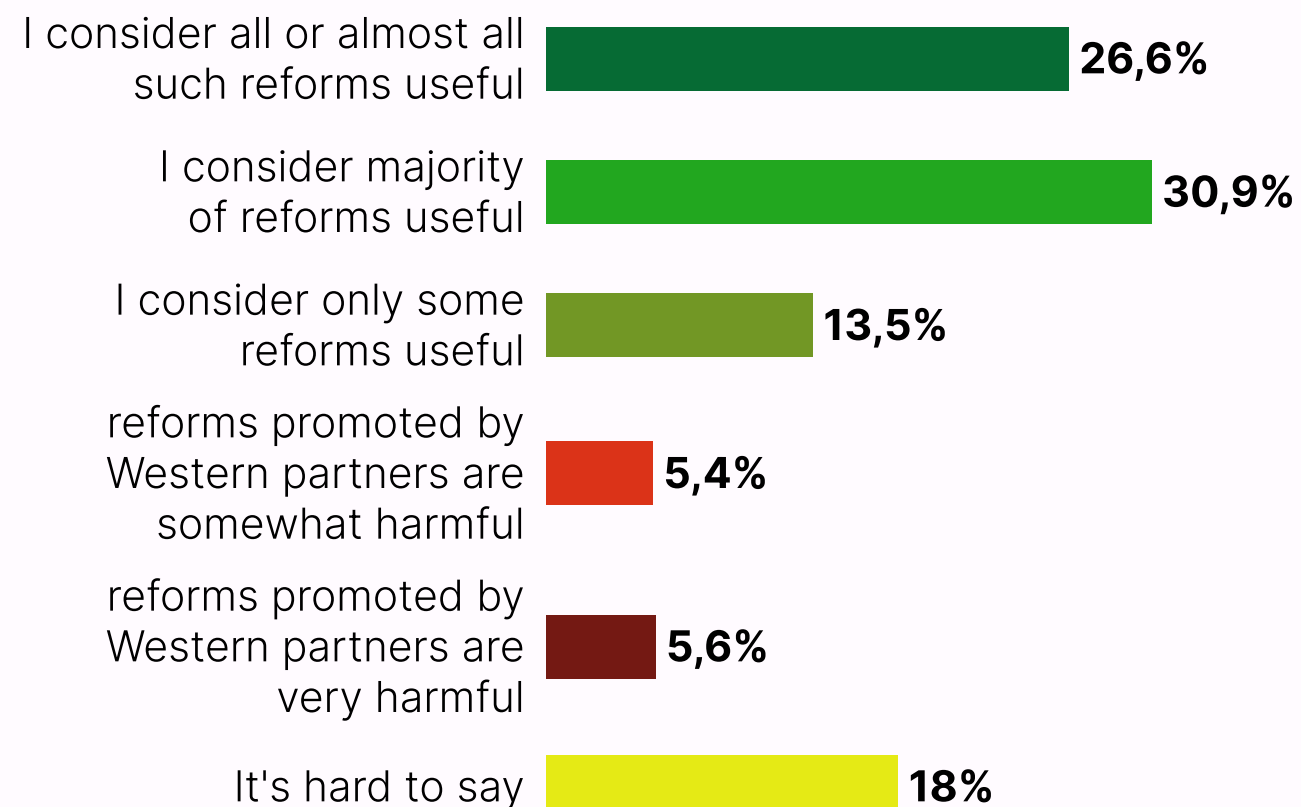


Public opinion

Have you heard that the USA and other Western partners demand that Ukraine speeds up the reforms?



Do you think that reforms that Western partners of Ukraine are demanding are actually useful for Ukraine?



THE FROZEN ASSETS OF THE RUSSIAN FEDERATION SHOULD BE USED FOR THE RESTORATION OF UKRAINE, - THE USA

With the beginning of the full-scale russian invasion of Ukraine, various economic and financial processes were launched around the world. One of these was the freezing of sovereign russian assets. At the moment, the amount frozen by the United States is \$8 billion, most of the funds are in the EU and Japan.

The White House says legal teams are currently working to determine where and how the frozen assets could be used. Penny Pritzker, the US Special Representative for Ukraine's Economic Recovery, stated this.

"Essentially, if I were to say not from a legal point of view, but from an ethical and moral point of view, then given the destruction that the Russians have caused to Ukraine, you know, they should contribute to the recovery of Ukraine. From a legal point of view, the question of how to do this is under development," she said.

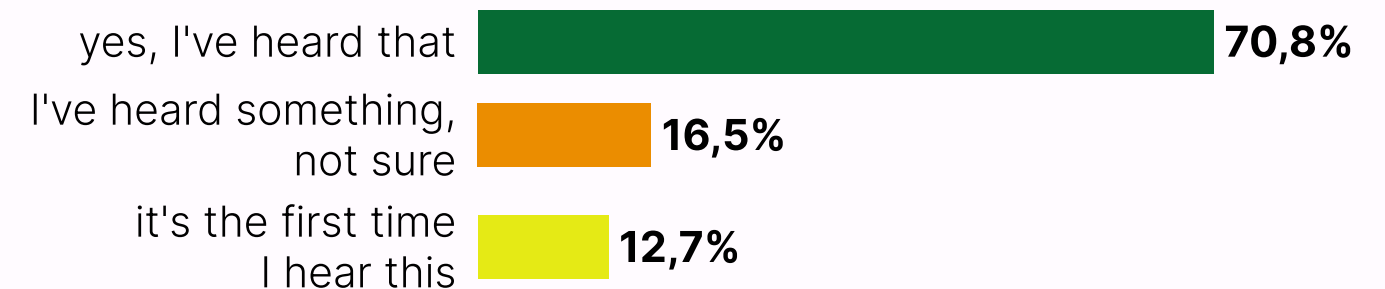
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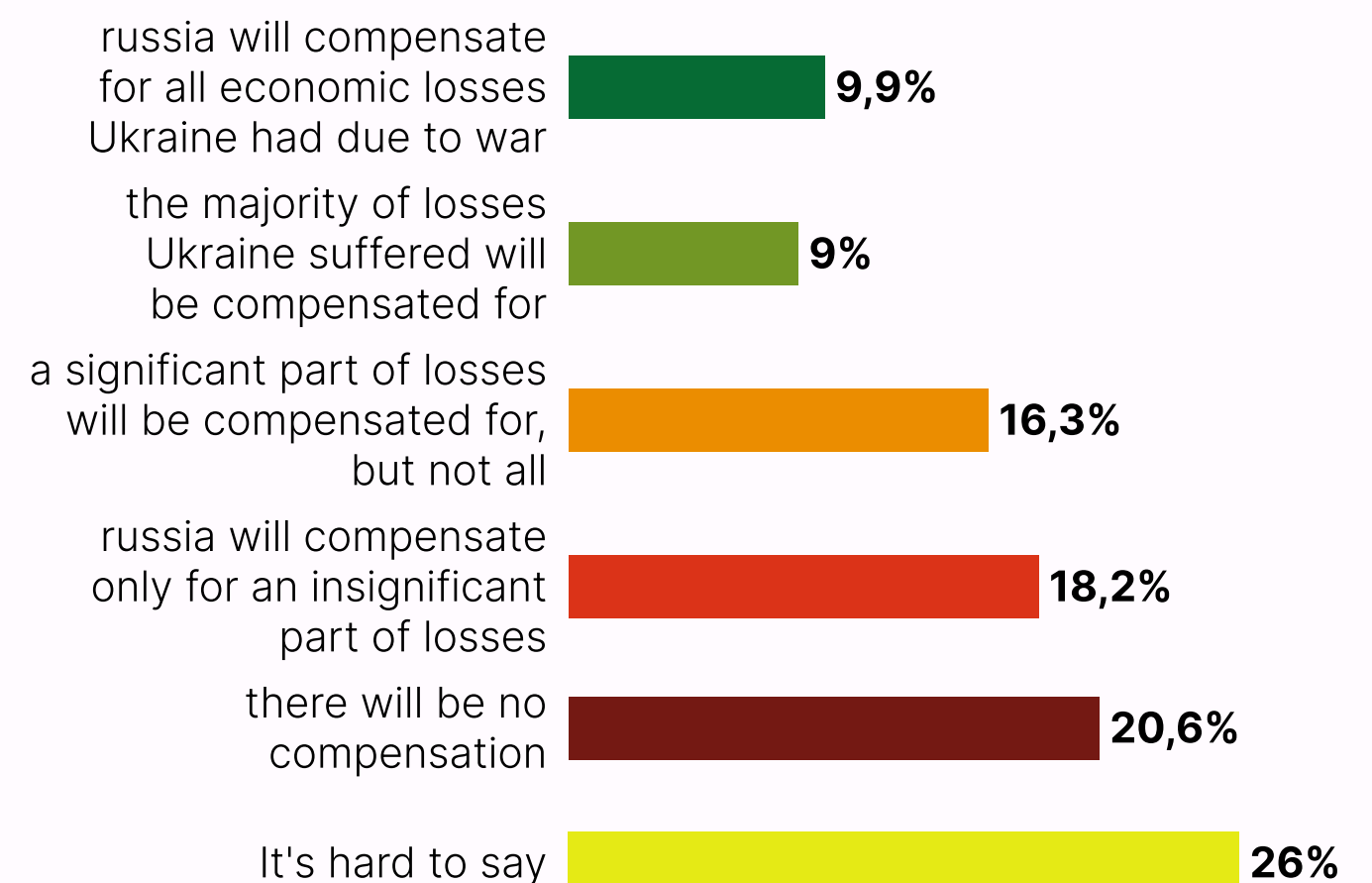


Public opinion

Have you heard of the initiative to direct russia's frozen assets to the restoration of Ukraine?



Will russian frozen assets be actually directed to the development and restoration of Ukraine?



THE FROZEN ASSETS OF THE RUSSIAN FEDERATION SHOULD BE USED FOR THE RESTORATION OF UKRAINE, - THE USA

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In June of this year, it became known that a draft law on the confiscation of sovereign assets with the aim of transferring them to Ukraine for long-term recovery was submitted to the US Senate. However, in certain circles in the US and the EU there are doubts about this decision.

A total of \$300 billion has been frozen by Western states since February 24. Some allies expressed an opinion about using these funds as financing for Ukraine's recovery. However, the European Central Bank does not fully support this initiative, considering the legality issue and thinking about the consequences of such a step.

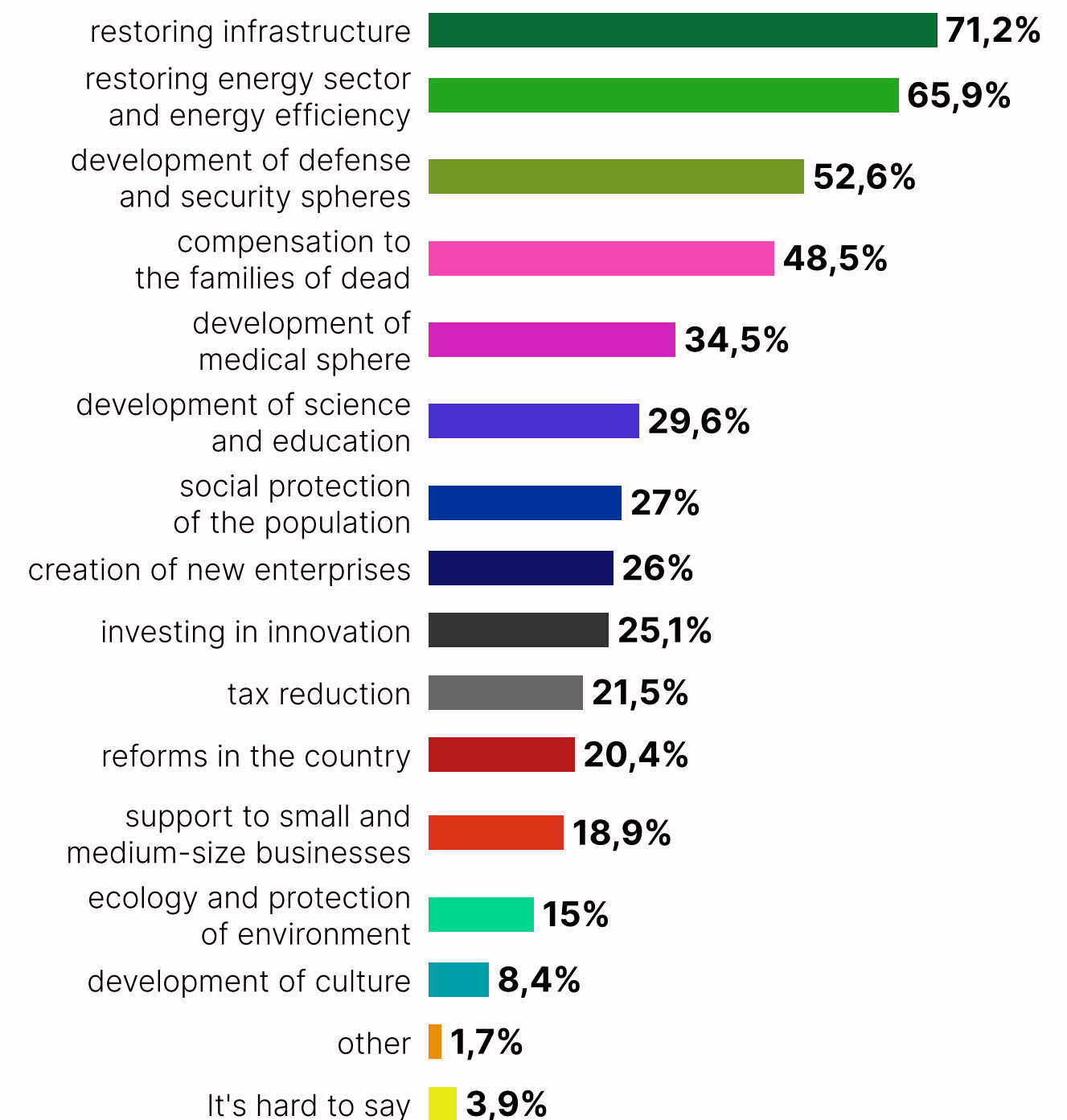
The Ukrainian side has always been calling for the creation of a mechanism for attracting funds as a direct contribution. On September 27, a meeting of EU experts was held regarding the options of profit transfer mechanism, including interest payments, from frozen assets. The three-stage plan that is being discussed involves first immobilizing these funds and setting them aside, and then using them for Ukraine.

Sources: UNIAN, Suspilne Novyny



Public opinion

In your opinion, which specific spheres in Ukraine should receive financing from these assets?



RETURN OF FINANCIAL REPORTING FOR POLITICAL PARTIES

The practice of reporting by Ukrainian parties for the use of party funds to the NACP was suspended in 2020 due to COVID-19, and later due to martial law.

Already on September 26, Volodymyr Zelenskyi signed an appropriate draft law, which obliges parties to provide financial reports on their activities. It was initiated by “Servants of the People” deputies, and its full title is “On Amendments to Certain Legislative Acts of Ukraine Regarding Minimization of Potential Oligarchic Influence on Political Parties, Improvement of Mechanisms of State Financing and State Control of the Activities of Political Parties.”

The decision to write the draft law was made due to the fact that suspension of this procedure (the last reporting was in the 3rd quarter of 2020) casts doubt and undermines the confidence of citizens in political parties. It also complicates the state’s ability to respond to internal and external challenges related to the aggression of the Russian Federation and the excessive influence of oligarchs on political processes. This is what the explanatory note states.

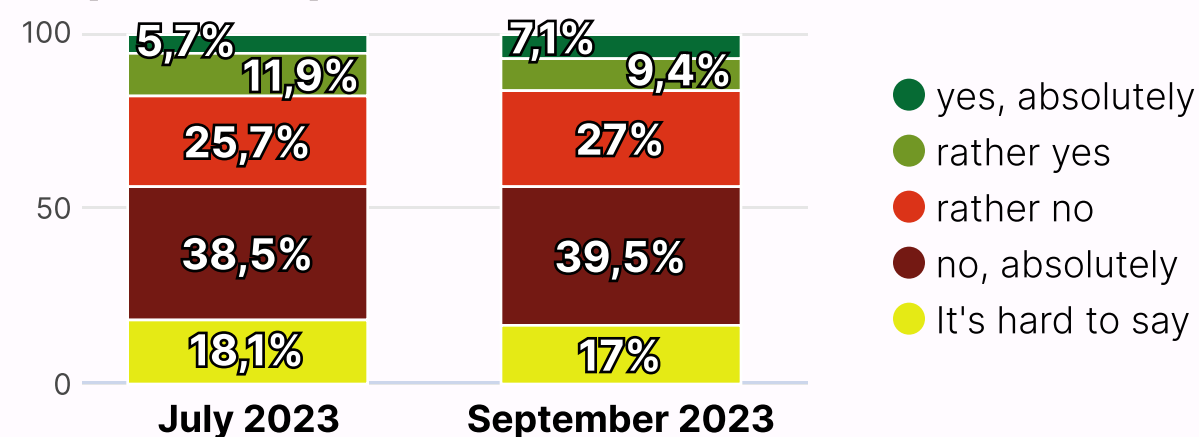
The draft law stipulates the time frames for submitting the report. For parties that have state financing of their statutory activities, it is 90 days after the law enters into force. Including for the period when reporting was suspended. For other political parties, the term is longer - 120 days after the law enters into force. The deadline for checking the reports by the NACP is up to 60 days, and the entry into force of the relevant provisions is postponed for another 60 days. It can take up to five months for the first reports to be submitted.

Sources: UNIAN, Suspilne Novyny

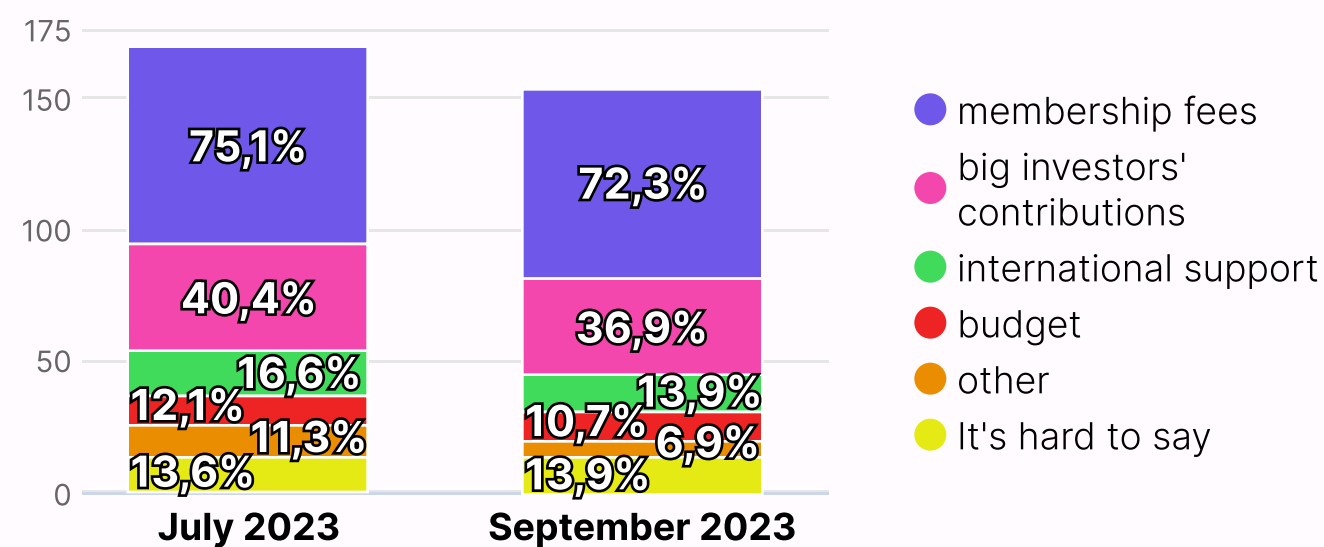


Public opinion

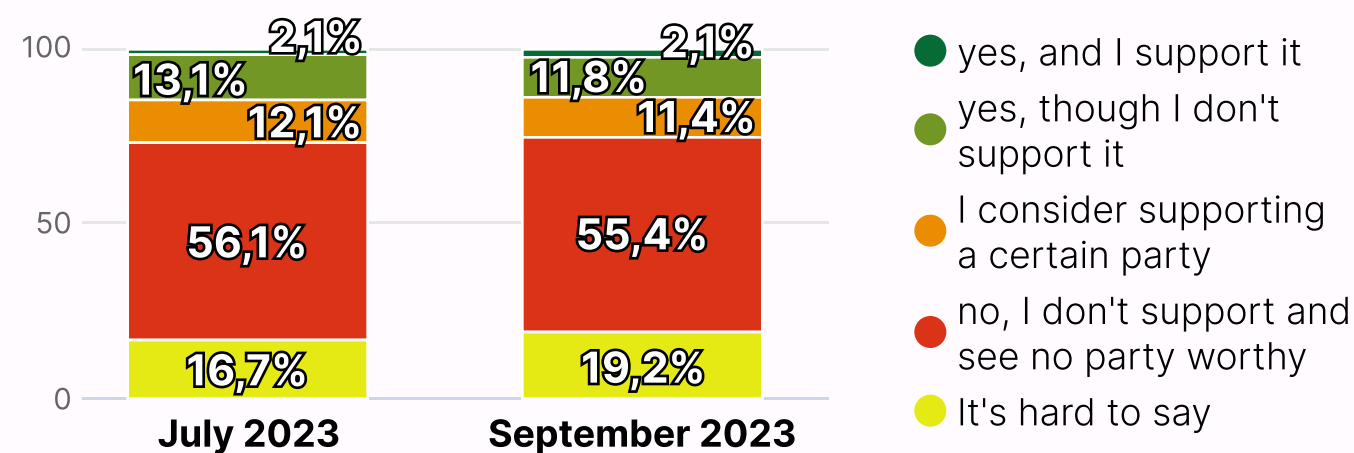
Do you support the idea of state financing of political parties?



What money should be used to finance political parties?



Is there a party in Ukraine that you would like to support financially?



ACCESSION TO THE EU: OPPORTUNITIES AND REALITIES FOR SEPTEMBER 2023

In the first days of the invasion, Volodymyr Zelenskyy signed the application for Ukraine's membership in the European Union. The initiative received support in the European Parliament and there were 7 recommendations provided.

The other day, Prime Minister Denys Shmyhal said that at the government level, Ukraine has almost completed the implementation of all the recommendations of the European Commission. Their implementation is an important requirement on the way to the start of negotiations regarding the accession of our country to the European Union.

After the approval of the state target-oriented program "Unity in diversity", which provides for the creation of conditions for national minorities and indigenous peoples exercising their rights and implementing opportunities, we can talk about the fulfillment of all seven recommendations of the European Commission.

Regarding other provisions – the Cabinet of Ministers managed to start reforming the Constitutional Court and currently Ukraine is working in permanent consultations with the Venice Commission; it managed to restart the Supreme Council of Justice and the High Qualification Commission of Judges; as well as act on the recommendations of the Venice Commission regarding the implementation of the anti-oligarchic law. Legislation on media and advertising also came into force, and by-laws were developed to implement the new law on national minorities; regulatory framework for combating money laundering was developed within FATF standards.

The head of the European Union representation in Ukraine, Katarina Mathernova, said that if Ukraine maintains the current pace of reforms, then 2030 is a realistic deadline for joining the European Union.

"The deadlines will also be determined by the institutional and political changes that must take place in the European Union. The EU must be ready for expansion. Without changes in the voting and decision-making system, the number of EU members cannot expand indefinitely," Ms. Maternova said.

The case of Ukraine is special because of the geopolitical location that "determines the vector".

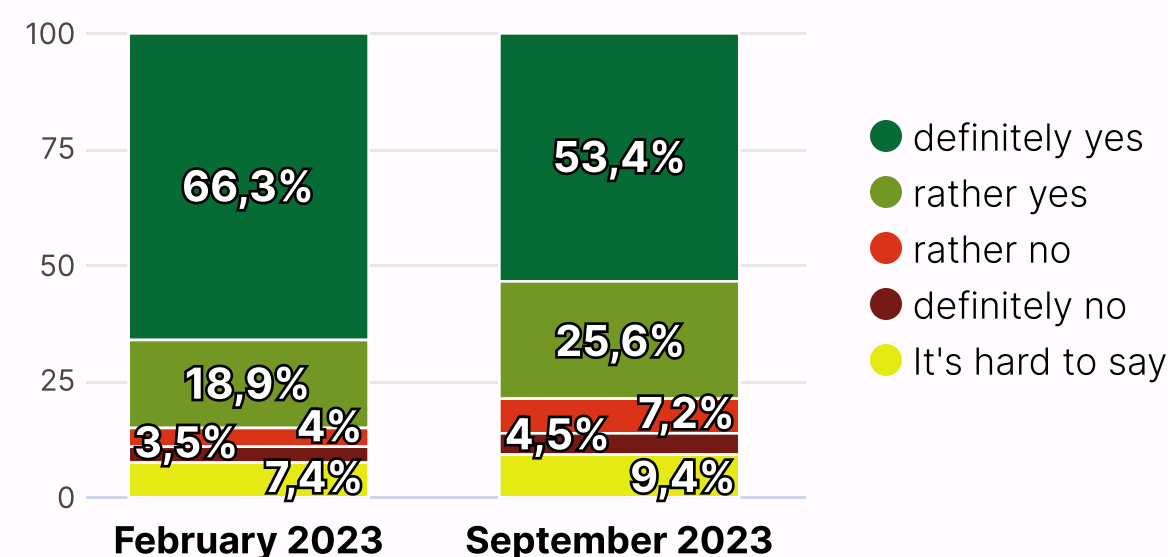
Let us remind that France and Germany insist on the option of slow integration - alternative membership. However, in an interview with Politico, Denys Shmyhal said that Ukraine will not agree to "second class" membership.

Sources: UNIAN, Suspilne Novyny

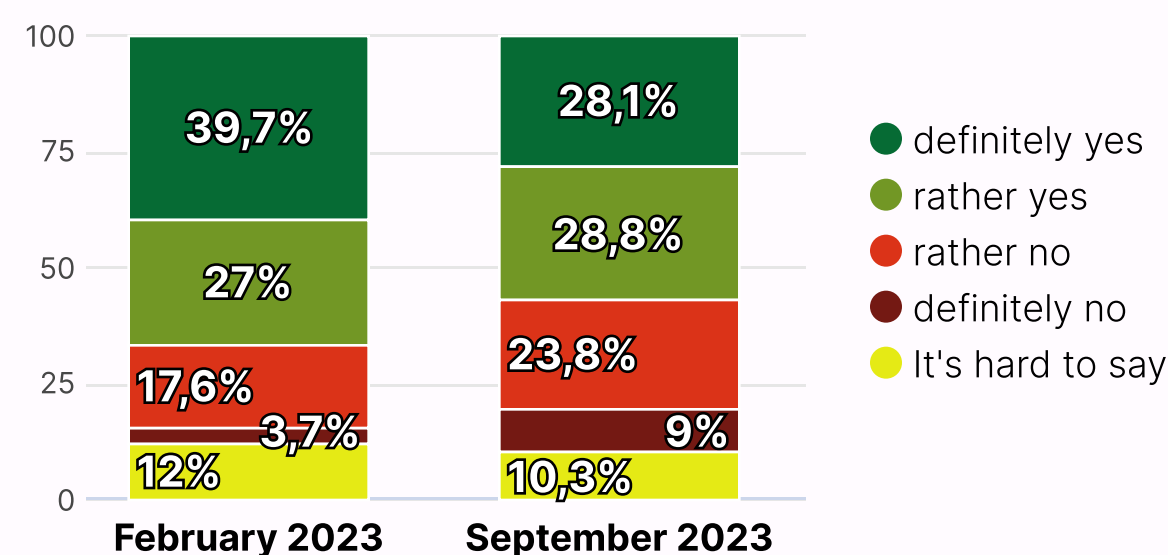


Public opinion

Does Ukraine need to become a member of the European Union?



Does the European Union need Ukraine?



UNANNOUNCED VISIT AND IMPORTANT DISCUSSIONS: STOLTENBERG MET WITH ZELENSKYI

NATO Secretary General Jens Stoltenberg arrived in Kyiv on Thursday, September 28. The visit was not announced.

He stated that now Ukraine is closer to membership in the Alliance than ever before. According to him, support for Ukraine in the international arena continues to grow, while support for the actions of the Russian Federation is decreasing. "After the Vilnius summit in July, we all agreed that Ukraine would join NATO. And three historic decisions were made to make it a reality," the Alliance's Secretary General emphasized.

The first solution is to shorten Ukraine's path to NATO by removing the requirement to implement the membership action plan. The next step is to agree on a program that will make the Ukrainian armed forces fully compatible with the armies of NATO member states. The third is to strengthen political ties between NATO and Ukraine at an unprecedented level. We are talking about the creation of the Ukraine-NATO commission.

Assistance to Ukrainians for protection against Russian invasion will also be continued. The members of the Alliance distributed almost 100 billion euros of support for Ukraine. About half is the share of the United States.

"NATO has been conducting joint purchases for many years. Today I can confirm that the Alliance has framework contracts for 2.4 billion euros for basic ammunition... These are 155-mm ammunition for artillery, anti-tank guided missiles and ammunition for tanks," said the Secretary General NATO.

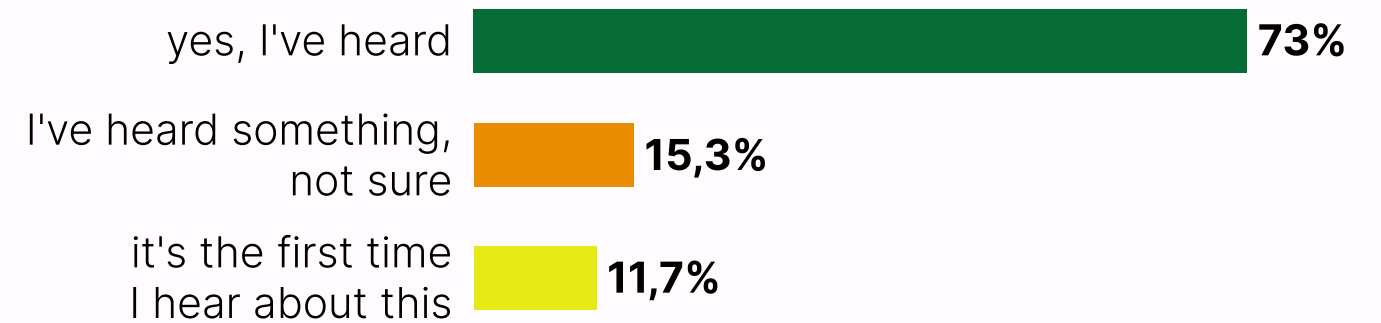
It is known that the parties discussed strengthening Ukraine's air defense.

Sources: UNIAN, Suspilne Novyny

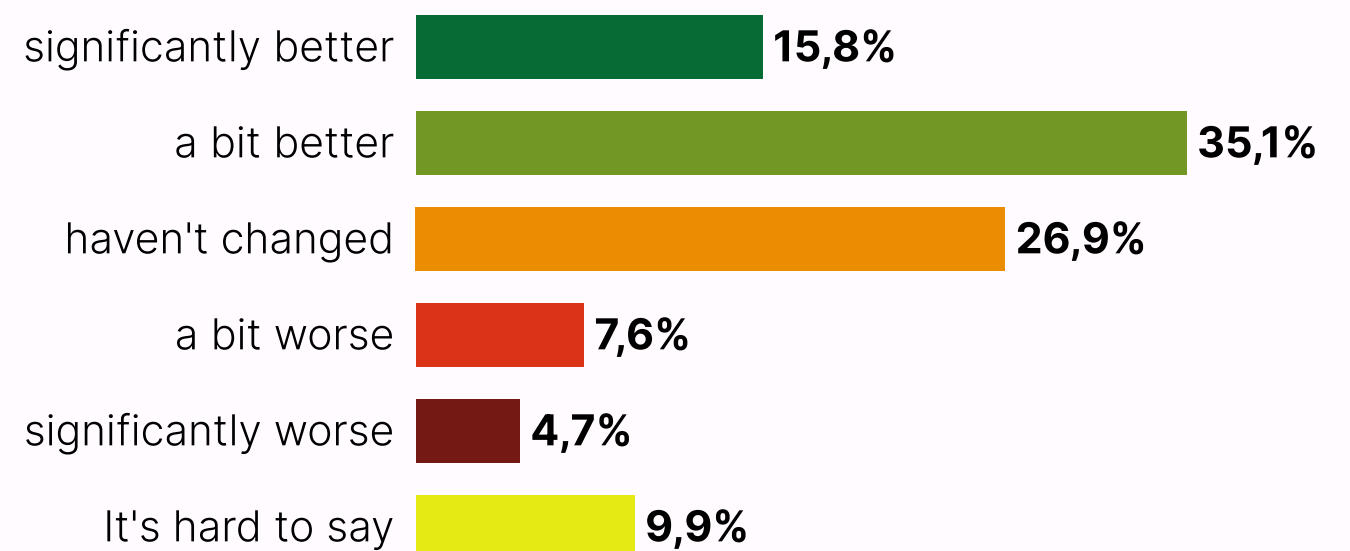


Public opinion

Have you heard about NATO Secretary General Jens Stoltenberg's visit to Ukraine?



How have the relations between Ukraine and NATO changed during the recent months?



RECOMMENDATIONS FROM WASHINGTON: ARE THERE WRONG REFORMS PROPOSED?

Last week, the attention of the expert community of Ukraine, as well as the public, was drawn to Michael Pyle's letter regarding the reforms to be carried out immediately in the country.

Mike Pyle, White House Deputy National Security Adviser on International Economic Affairs, sent a letter to the Donor Coordination Platform (which was created in January 2023 to support the recovery and reconstruction of Ukraine within the framework of the so-called "financial Ramstein") with a list of reforms that Ukraine should make to continue being provided assistance. The document was published in the popular online publication "Ukrainska Pravda". According to the publication, the Prime Minister of Ukraine Denys Shmyhal and the Office of the President of Ukraine also received this letter.

The document outlines the changes that should take place in Ukraine within 18 months. Proposals for reform concern Supervisory Boards of State Enterprises, anti-corruption bodies (Specialized Anti-Corruption Prosecutor's Office, National Anti-Corruption Bureau of Ukraine, National Agency for Corruption Prevention), the Supreme Council of Justice, courts, the Ministry of Defense of Ukraine and law enforcement agencies. The letter has the status of a working draft and is subject to consideration.

On almost all media platforms there has been discussion on the measures proposed in the letter to reform Ukrainian institutions. We present the main theses of this discussion to your attention.

Analyst Yaroslav Romanchuk believes that the recommendations proposed by Washington should be...

...considered in the light of the most acute, most dangerous, destructive problems of Ukraine today.

The problem called "corruption" is the consequences of the country's monetary, fiscal, regulatory, and trade policies. It is "killed" exclusively through systemic market reforms, changes in the ownership structure, and a sharp increase in the level of economic freedom.

And the logic of the "Washington proposals" – you have to urgently carry out reforms of the legal, control, and law enforcement system of Ukraine. Where are the recommendations for a radical reduction of the regulatory burden? Where is economic freedom?

The list of the recommended reforms for Ukraine is not about economic reforms that would drastically reduce corruption and abuse in the management of state assets and resources. It is about the authority in the country during the war. Yaroslav Romanchuk believes that this is the Ukrainian-American syndicates, which are not in power now, but would like to manage financial aid during the war and at the stage of post-war transformation, that have become more active.

His conclusion is that the provided recommendations are devoid of logic, systematicity and connection to real life. Taking into account the fact that this list appeared not on behalf of any think tank or state body, we are talking about behind-the-scenes pressure. Implementation of the recommendations will not fundamentally change anything in Ukraine.

Economists from the "Price of the State" group analyzed the economic bloc of American demands. They commented on each point of the proposed reforms in the economic bloc.

RECOMMENDATIONS FROM WASHINGTON: ARE THERE WRONG REFORMS PROPOSED?

1. Supervisory boards of state-owned enterprises - strengthening the corporatization and independence of Ukrenergo, Naftogaz, and Ukroboronprom. Analysts of the "The Price of the State" believe that it will be difficult, because state-owned enterprises for any government are either wallets from which money can be pumped out, or a tool of political struggle which allows keeping tariffs below the cost price in order to appease the population.
2. Antimonopoly Committee. Update the procedure for considering applications for concentration and conducting inspections of anti-competitive actions. Appropriate claims.
3. Agency for search and asset management. Increase the efficiency and transparency of the management of seized and confiscated assets. Now there is a mess there and we need to put things in order.
4. Liberalization of tariffs for natural gas and electricity. In negotiations with the IMF, this has always been one of the most painful issues. It is not taken well by the population no matter the income level.
5. Strengthen the Accounting Chamber and the State Audit Service. It is indeed necessary, because now the Accounting Chamber can make a thorough report on the inefficiency of the use of funds by some ministry, and then this report goes nowhere.
6. Customs reform: harmonization of the legal framework with the EU, digitalization of customs rules, transparent competitive selection of managers. Unfortunately, this is hard to believe in, we remember how these selections used to be conducted in our country.
7. There is also a demand to reform the Bureau of Economic Security of Ukraine.

The conclusion of the group of economists at "The Price of the State" is that the majority of the demands in the letter relate exclusively to anti-corruption structures and the judicial system of Ukraine. The economic block could have been bigger.

The letter is also being discussed in social media. Here are some of the most interesting comments:

"There isn't a single word about deregulation of the economy with our 130th place in regards to economic freedom. Without this, all this fight against corruption makes no sense..."

"The letter is about nothing - increase the number of employees and ensure transparency..."

"Our government officials do not need general phrases, but concrete drafts of documents and strict deadlines for approval..."

"Ultimatum of the USA" is a selection of some measures from the State anti-corruption program approved by the Cabinet of Ministers, the implementation of which is actually monitored. [Link to the measures approved by the Cabinet of Ministers:](https://www.kmu.gov.ua/npas/pro-zatverdzhennia-derzhavnoi-antikoruptsiinoi-prohramy-na-20232025-t40323)

<https://www.kmu.gov.ua/npas/pro-zatverdzhennia-derzhavnoi-antikoruptsiinoi-prohramy-na-20232025-t40323>

"Some of the activities, especially the work of the National Anti-Corruption Bureau of Ukraine, have been discussed since the creation of the bureau and constantly appear in all kinds of programs. And they are not being implemented not so much out of ill will (although there is such a thing too) but because there are no people willing to make quality changes in the relevant positions. And those who are, want to sit until retirement and leave the problem to the next generation."

Judging by the posts of the commentators, they perceive the orders of the "Washington Regional Committee" quite ironically, noting that the mentors are not very familiar with Ukrainian realities.