

**Annual Progress Report  
2019  
Ukraine**



**Extractive Industries Transparency Initiative**

**Kyiv**

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## Assessment of the overall results for the year

*Please provide a short description of the EITI activities implemented in the previous year as per requirement 7.4(a)(i).*

*In 2019, four MSG meetings took place. Their participants approved the draft EITI report for 2017, the working plan for 2019, the progress report for 2018, the request to the EITI board concerning the adjusted implementation of the EITI Standard for 2018 and 2019, the request to the EITI board concerning the adjusted publication timelines for the EITI report 2017, the request to the EITI board concerning the adjusted date for the start of the validation of Ukraine and the validation process under the EITI Standard 2016. Also, other major issues concerning the EITI implementation in Ukraine were on the agenda of the meetings. The Report on the indirect contribution of extractive industries to the economy of Ukraine and the EITI online platform were also presented at the MSG meetings. MSG members received support from the Government of Germany through the project “Good Financial Governance” to pass trainings for the development of a monitoring and assessment system and developed the key principles for the preparation of the corresponding document. The first draft monitoring and assessment study had been prepared by the representatives of the National EITI Secretariat and the think tank of the NGO “Dixy Group” with the support of USAID. Afterwards, the study was improved and tuned up with the support of the International Renaissance Foundation. In 2019, the MSG members assessed and monitoring the EITI implementation in Ukraine in 2018 and 2019 with the support of donors including the Government of Germany (project “Good Financial Governance”), the International Renaissance Foundation and the USAID project “Energy Sector Transparency”. The monitoring and assessment system includes a two-level EITI implementation progress assessment as well as the assessment of the EITI impact on reforms running in the country with a breakdown in four categories: steering and administration of the EITI Secretariat, build-up of a dialogue platform for the development of strategic ideas and proposals, EITI extension and development of new activity areas along with enhancing partnership between local self-government bodies, companies and civil society institutions. Such a system for the assessment of the EITI implementation is the first one among the countries implementing EITI.*

*The EITI Standard 2019 adopted at the Global EITI Conference in Paris in June 2019 was translated into Ukrainian and distributed in printed form among relevant parties.*

*In February 2019, the 42<sup>nd</sup> meeting of the EITI Board took place in Kyiv, attended by approx. 150 representatives of the countries that implement and the support the EITI initiative. The EITI Board meeting and the accompanying round tables were attended Ihor Nasalyk, Energy Minister, and Volodymyr Demchyshyn, former Minister, as well as by Oleksiy Honcharuk, BRDO leader at that time and future Prime Minister.*

*In the course of 2019, the National EITI Secretariat worked with the support of the World Bank. It consisted of three persons – Secretariat Chairperson (full-time), Procurement Manager (part-time) and Communications Manager (part-time).*

Special attention was paid to the following activity areas:

- [EITI implementation in the electronic format](#)

According to the EITI Board decision, the participating countries shall proceed with the conversion of EITI into the electronic format in the coming years (mainstreaming). Presently, the EITI process requires significant human resources and is time-consuming; hence, the time has come for the MSG to take steps to automate the EITI implementation processes in Ukraine by setting up an electronic platform for EITI reporting with data verification using digital signatures.

Digitalization of the EITI processes will help:

- ✓ reduce the workload for the reporting organizations;
- ✓ reduce time consumption for the submission and processing of EITI reporting data;
- ✓ ensure the disclosure and publication of the most relevant information from extractive industries in the open data format as well as ensure timely publication of the EITI reports in line with the EITI Standard;
- ✓ reduce the number of staff involved in the EITI implementation;
- ✓ cut spending for the preparation of EITI reports;
- ✓ ensure the sustainable EITI implementation process in Ukraine;
- ✓ avoid duplicate reporting for companies, thus contributing to deregulation in the extractive industries.

MSG members and the National Secretariat studied the experience of other countries that have implemented or are in the process of implementing similar electronic systems. The Ministry of Energy and Coal Industry received 1 million EURO from the European Commission as part of technical assistance to support the EITI implementation. With the support of the USAID project “Energy Sector Transparency”, Ernst and Young LLC conducted a study on the creation of an online reporting platform in line with the EITI Standard. The study was made in the period from August to December 2018. With the support of the project “Good Financial Governance” commissioned by the Government of Germany and implemented by GIZ GmbH, a number of strategic sessions and working meetings on the creation of the basic version of the EITI online platform took place in 2019. The IT team worked from August 2019 until February 2020 to develop the electronic EITI platform. The members of the IT team had been selected by the expert commission whose members represented the Ministry, the National Secretariat and MSG members representing the public (DiXi Group think tank). Presently, the transfer of the EITI online platform to the Ministry of Energy and Environment Protection is underway. It is expected that information for the EITI reports for 2018 and 2019 will be collected based on this platform.

Also, the development of the EITI online platform is included in the action plan for the implementation of the initiative “Open Government Partnership” in 2018-2020.

- [Improvement of the legal basis for the EITI implementation in Ukraine](#)

In September 2018, the Verkhovna Rada voted for the adoption of the Law of Ukraine “On transparency in extractive industries” No. 2545-VIII (hereinafter referred to as “EITI Law”). The Law requires the disclosure of contracts and beneficiary owners as well as project-related reporting. It also implements fines for the non-disclosure of information. The Law refers to the fulfillment of the EITI Standard requirements. In the course of 2019, regulations and bylaws on the reporting forms and fines for the non-submission of EITI reports were developed. Their adoption is expected in 2020. To adjust the EITI Law to the EITI Standard adopted in June 2019 at the Global conference in Paris as well as to settle some technical issues in the current version of the EITI Law, amendments to the Law of Ukraine No, 2545-VIII were prepared. In April 2020, the first public discussion of the amendments to the EITI Law with representatives of the Verkhovna Rada, Ministry of Energy and Environment Protection, Derzhgeonadra (state agency for subsoil resources), extractive companies and the public took place.

- [Implementation of the communication strategy and further work at the regional level](#)

With the support of the Federal Government of Germany (through the project “Good Financial Governance” implemented by the federal company GIZ GmbH), a number of events took place at the national level in 2019, including trainings for the public, round tables and public discussions in various formats.

With the support of the International Renaissance Foundation and the Government of Germany, a project for the strategic support of selected pilot teams from extractive regions was implemented in 2018-2019 to help them utilize rent revenues received in accordance with the enacted Law of Ukraine No. 1793 “On amendments to the Budget Code of Ukraine concerning the transfer of the rent fee for the use of subsoil resources in oil, gas and gas condensate production”. With the support of the International Renaissance Foundation and the USAID project “Energy Sector Transparency”, a number of measures were implemented in 2019 as part of the capacity development of the Association “Energy Transparency” for the EITI implementation in Ukraine. As part of cooperation between Ukrainian and German civil organisations under the MAP project, several joint seminars took place to identify the priorities for activities in the regions; also, joint publications were prepared for experience exchange.

Civil organisations involved in the EITI implementation in Ukraine, disseminated the experience of Ukraine in other countries in 2019. Olena Pavlenko, MSG representative, participated in the strategic public EITI meeting in Lebanon; also, Ukrainian specialists pursued active communication with civil organisations from Albania, Tunisia and counties of Central Asia.

In total, more than 51 events dedicated to EITI took place at the regional and national level in 2019. More detailed information about each event is available in annex 1 to this Report.

In 2019, Ukrainian media contained 213 references to EITI, the EITI website registered 4,106 visits.

- [Preparation of the EITI Report 2017](#)

During the preparation of the EITI Report 2017, the MSG paid attention to the gaps in information disclosure in the EITI Reports 2014-2015 and 2016 that had been detected during the first validation of Ukraine. In October 2019, the International Renaissance Foundation supported a training dedicated to the updated EITI Standard 2019 and the preparation of Ukraine to the second validation. The training was facilitated by Oliana Valigura, the Regional Director of the EITI International Secretariat, and Christopher Claussen, a technical expert.

Just like in previous years, the preparation of the EITI Report 2017 included a detailed technical and economic assessment that enabled the MSG to identify the area to be covered by the Report and the list of the reporting organizations. Though the EITI list of material sectors only includes oil and gas, coal and iron ore extraction, the MSG decided to extend the Report by including the extraction of refractory and fire-resistant clay as well as quartz sand. The authors of the EITI Report 2017 made significant efforts to adjust it to the EITI Standard requirements based on which the EITI International Secretariat conducting the validation judged the current information disclosure as insufficient (this refers especially to information about quasi fiscal payments and data on the transactions of state-owned enterprises, issues concerning the tangible criteria, disclosure of revenues from transport services etc).

During the EITI Report preparation, the MSG members were actively involved in commenting on the interim reports and documents provided by the external administrator. The engagement of the MSG members was also important in obtaining data from the reporting organizations, which helped increase the percentage of the received data and improve the coverage required to meet the Standard requirements.

In December 2019, the MSG members approved the draft EITI Report 2017. In March 2020, the EITI Report 2017 was adopted.

- [Participation in the validation procedure](#)

In 2017, Ukraine went through its first validation – examination of its EITI implementation process against the EITI Standard requirements. In April 2018, the MSG members received the validation report. The MSG added a number of remarks and comments to the validation report. A separate letter was sent to the EITI Board with a request to consider the EITI Report 2016 in the validation procedure.

The start of the second validation procedure for Ukraine was planned for the end of December 2019, but due to the postponement of the publication of the EITI Report 2017 until June 2020 the MSG also applied to the EITI Board asking to postpone the second validation and to pass it in accordance with the Standard 2016. The EITI Board approved that request. Presently, the start of the second validation for Ukraine is planned for 30 June 2020. Subject for this validation will be the EITI Report of Ukraine for 2017. The validators will be checking 8 corrective actions mentioned by the EITI Board during the first validation of Ukraine, the fulfillment of other requirements will be examined to ensure that the EITI compliance has not worsened compared to the first validation results.

## Performance assessment against goals and objectives set in the working plan

*Assessment of the progress in achieving the goals listed in the working plan (Requirement 1.5), including the effect and results by the set goals (Requirement 7.4(a)(iv)).*

*The MSG can*

- *provide the list of the goals and objectives set in the working plan and the description of their achievement progress;*
- *provide a brief description of the works stipulated in the working plan as well as indicate whether these works have been complete and include all additional works that were originally missing the working plan but contribute to the fulfillment of the goals with a higher scope.*

The following goals and paragraphs of the working plan were achieved/fulfilled:

### **National priority: improved transparency and data disclosure in extractive industries.**

#### **Goal 1.1 The EITI Report of Ukraine for 2017 has been published**

- The ToR for the External Administrator has been prepared and approved by the MSG (2018);
- The contract with the External Administrator has been signed (expired in 2019);
- Collection of data from the government and business by the External Administrator (completed in 2019);
- Cross-check of payments, report preparation (completed in 2019);
- Approval of the EITI Report 2017 by the MSG (completed in 2020);

#### **Goal 1.2. EITI integration in the government systems**

- The Verkhovna Rada adopted the Law of Ukraine “On transparency in extractive industries” No. 2545-VIII of 18 September 2018. EITI implementation is now required by law, the EITI reporting is mandatory.

In 2019, bylaws to the Law of Ukraine “On transparency in extractive industries” were prepared, but the Cabinet of Ministers of Ukraine did not approve them. Their adoption is expected in 2020;

- In 2019, the analytical report on the development of the automated EITI Report data collection system was presented that had been prepared with the support of USAID; also, an automated system for the collection and processing of EITI Report data was developed with the support of GIZ. In 2020, the EITI platform is transferred to the Ministry of Energy and Environment Protection. Data for the EITI Reports 2018 and 2019 will be collected in the electronic format;
- Disclosure of information about beneficiary owners – the mechanism for the verification of beneficiary owners was developed in the course of 2019.

### Goal 1.3. Other measures for the EITI implementation in Ukraine

- The annual progress report has been published;
- The working plan for 2019 has been developed;
- The project for the monitoring and assessment of the EITI implementation has been prepared and finalized with the support of USAID, GIZ and the International Renaissance Foundation;
- Preparation of the EITI Report 2019 has been included in the general fund of the state budget of Ukraine for 2020.

### Goal 1.4. Capacity development of the EITI parties

- The National EITI Secretariat continues to work and provides support to the MSG;
- Seminars, trainings for the involved parties (*the list is available in the annex*);
- The EITI Board Meeting took place in Kyiv in February 2019;
- Ukraine hosted a round table meeting attended by government, Parliament, business and civil society representatives at the Global EITI Conference in Paris in June 2019;
- In September, joint events of Ukrainian and German civil organisations involved in the EITI implementation took place;
- In December 2019, the delegation of the National EITI Secretariat of Albania visited Ukraine to exchange experience in the EITI implementation and disclosure of beneficiary owners;
- A project of international cooperation between Georgia, Armenia and Ukraine was implemented.

### **National priority: strengthened cooperation between the government, local self-government bodies, business and municipalities to reduce existing tensions.**

#### Goal 2.1. Information work in the regions

- Active efforts continue in the regions aiming to build up partnerships, new topics for cooperation have been identified (*the list is available in the annex*);
- A project has been implemented to provide strategic support to the selected pilot municipalities from extractive regions in utilizing rented fees received in accordance with the Law of Ukraine No. 1793 “On amendments to the Budget Code of Ukraine concerning the transfer of the rent fee for the use of subsoil resources in oil, gas and gas condensate production”;
- Capacity development for municipalities continues through cooperation with local civil organisations within the Association “Energy Transparency”.

#### Goal 2.2. Effective implementation of the communication strategy

- A number of information and training measures have been implemented, including seminars, lectures, trainings, round tables, public discussions for various target groups. More detailed information is available in annex 1 “List of EITI events in Ukraine for 2019”;



- The official EITI logo in Ukraine has been updated;
- The EITI Standard 2019 has been translated into Ukrainian, brochures have been printed for distribution;
- Trainings have been conducted concerning the updated EITI Standard 2019;
- The report on the indirect impact of the extractive industry on the economy of Ukraine has been published;
- The brochure “Enhancing transparency in the energy sector through EITI implementation: success stories of Ukraine and Germany”;
- The development of the EITI implementation monitoring and assessment system has started in Ukraine.

The fulfilment of the above points helped achieve the goals outlines in the plan: adoption of the EITI Report 2017, creation of the EITI online platform, progress in the capacity development of the Government of Ukraine and Ukrainian business for the EITI implementation, steps to gain the status of a country meeting the EITI requirements.

A significant progress was achieved in fulfilling the points of the working plan concerning the build-up of partnership between the government, local self-government bodies, business and local residents.

**Table 1. Fulfilment progress of the goals of the EITI working plan for 2019**

National priority	Goal	Progress	Comment
1. Improved transparency and data disclosure in extractive industries	Goal 1.1. The EITI Report for 2017 has been published	Partially fulfilled	In 2019, the draft EITI Report 2017 was approved. Ukraine applied to the EITI Board to extend the timeline for the publication of the EITI Report 2017 and received a positive reply. The timeline for the publication was extended to 30 June 2020.
	Goal 1.2. EITI integration in the government systems	Partially fulfilled	An important step for the sustainable EITI implementation in Ukraine was the adoption of the Law “On transparency in extractive industries” in September 2018. The Law makes EITI reporting mandatory for business and state agencies. The relevant bylaws were prepared in 2019, their adoption is expected in 2020.

	Goal 1.3. Other measures for the EITI implementation in Ukraine	Fulfilled	The annual progress report and the working plan were published, funding for the EITI Report 2020 was included in the general fund of the state budget of Ukraine for 2020.
	Goal 1.4. Capacity development of the EITI parties	Fulfilled	<p>The National EITI Secretariat continues to work and provides support to the MSG;</p> <p>Seminars and trainings for the involved parties (<i>see the annex for more details</i>);</p> <p>EITI Board Meeting hosted in Kyiv in February 2019;</p> <p>Round table hosted by Ukraine at the Global EITI Conference in Paris in June 2019, attended by government, Parliament, business and civil society representatives; Achievements of Ukraine in beneficiary regulations, decentralization and EITI legislation were represented in Paris;</p> <p>In September 2019, a number of joints events took place with the participation of Ukrainian and German civil society organisations involved in the EITI implementation;</p> <p>In December 2019, the delegation of the National EITI Secretariat of Albania visited Ukraine to exchange experience in the EITI implementation and disclosure of beneficiary owners;</p> <p>A project of international cooperation between Georgia, Armenia and Ukraine was implemented.</p>

2. Strengthened cooperation between the government, local self-government bodies, business and municipalities to reduce existing tensions.	Goal 2.1. Information work in the regions	Fulfilled	Active efforts were made in the regions. See annex 1 for more details.
	Goal 2.2. Effective implementation of the communication strategy	Fulfilled	Active efforts were made in the regions and in the city of Kyiv. See annex 1 for more details.

## Performance assessment against the EITI requirements

*Assessment by each progress requirement in the EITI implementation (Requirement 7.4(a)(ii)). This shall include any actions taken to achieve progress in such areas as revenue distribution (5), revenue collection (4), social and economic expenditures (6), legal and institutional basis, including contracting and licensing (2) as well as exploration and production (3).*

*The MSG can assess conformity with the set requirements using the below table:*

Requirements:	Progress:
<p><b><i>Supervision by the MSG (requirement 1)</i></b></p>	<p>In 2019, the MSG adopted the following milestone documents – EITI Report 2017 and all stages of its preparation, Working Plan 2019, Progress Report 2018, requests to the EITI Board concerning the adjusted implementation timelines for 2018 and 2019 as well as for the publication of the EITI Report 2017 and validation procedure. The MSG members participated in the discussion of the EITI online platform and the monitoring and assessment report on the EITI implementation in Ukraine.</p> <p>In line with the Law of Ukraine “On transparency in extractive industries”, the National EITI Secretariat and the Energy Ministry prepared the updated regulation on the MSG (with the financial support of the Government of Germany provided through the project “Good Financial Governance” implemented by the federal company GIZ GmbH). This regulation is presently in the process of being agreed with the State Regulation Service preceding its registration at the Ministry of Justice.</p> <p>Women and men account for 30% and 70% of the current MSG members respectively.</p>

<p><b><i>Legal and institutional basis, including contracting and licensing (requirement 2)</i></b></p>	<p>According to art. 13 of the Constitution of Ukraine, the subsoil resources and national wealth on the territory of Ukraine, natural resources on its continental shelf and in the exclusive (maritime) economic zone of Ukraine are the property of the Ukrainian people. On behalf of the Ukrainian people, state authorities and local self-government bodies exercise the property rights concerning these resources on behalf of the Ukrainian people in accordance with the Constitution.</p> <p>The legal and institutional basis for the extractive industries of Ukraine is described in section 6 of the EITI Report for 2017.</p> <p>Ukraine has legislation requiring the mandatory disclosure of beneficiary owners of companies irrespective of their economic specialisation. The EITI Report of Ukraine discloses information about the beneficiary owners of extrusive companies in section 6.6.3 and in annex 6.</p>
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	<p>These data come from the Unified state register of legal entities and private entrepreneurs. The reporting template also contained a request to the reporting organisations asking them to provide the relevant information.</p> <p>Also, steps were made in 2019 to verify the beneficiary owners of extrusive companies. Thus, the Centre to Fight Corruption conducted a relevant study in the oil and gas sector with the support of the International Renaissance Foundation.</p> <p>It must also be noted that steps to improve the implementation of beneficiary regulations in Ukraine (improvement of the Register’s software to diversify sources of information about the founders and final beneficiaries (controlling parties) of legal entities as well as the development of a mechanism for the verification of beneficiary owners listed in the Register) are stipulated in the action plan for the implementation of the initiative “Open Government Partnership” in 2018 – 2020. The expected results of this measure include the transfer of credible data from the Register to the Global register of beneficiary owners, implementation of the verification of data about final beneficiary owners etc.</p> <p>The disclosure of contracts belongs to the key points on the EITI agenda at the international level.</p> <p>According to the Laws of Ukraine “On concession” (art. 17, 24) and “On the lease of state and municipal property” (art. 5, 15, 16), concession and lease contracts are already subject to mandatory disclosure.</p> <p>The copies of contracts (along with the respective working programmes and licenses) are disclosed on the website of Derzhgeonadra. Product sharing agreements and joint operating agreements are not subject to these requirements yet.</p> <p>Considering its importance, the requirement to disclose contracts was included into the amendments to the Law of Ukraine “On transparency in extractive industries” that was widely discussed by all stakeholders.</p>
<p><b><i>Exploration and production (requirement 3)</i></b></p>	<p>Among all extractive industries, the state maintains the most active role in the oil and gas sector. The state represented by the Cabinet of Ministers of Ukraine owns 100% of the shares of the JSC “Naftogaz Ukrainy” and the National JSC “Nadra Ukrainy”.</p>

JSC “Naftogaz Ukrainy” is a vertically integrated company offering a full cycles of operations related to the exploration and development of fields for oil and gas production, production and exploration drilling, transportation and storage of oil and gas, supply of natural gas and LNG to customers.

The affiliate companies of JSC “Naftogaz Ukrainy” are the biggest natural gas (JSC “Ukrgezvydobuvannya”) and oil (PJSC “Ukrnafta”) producers. They are also natural monopolies transporting natural gas across the customs border of Ukraine via pipelines in the transit mode (hereinafter referred to as “transit”). Also, they transport and store natural gas (JSC “Ukrtransgaz”) and oil (JSC “Ukrtransnafta”).

Despite a moderate increase in the production of natural gas by 2.4% in 2017 compared to 2016, the own resources of Ukraine were not sufficient to cover domestic demand in full. Accordingly, the import of natural gas rose by 27.9% compared to 2016.

Oil production in 2017 went down by 6.4%, while the production of gas condensate increased by 3.7%. Along with that, the import of oil in 2017 almost doubled compared to 2016. Export of oil from Ukraine in 2017 – though in a low volume – became a remarkable event.

The development of natural gas and oil fields in Ukraine remains at the low level. With the current production level, the own oil resources are sufficient for 72 years, the gas condensate resources – for 67 years, the natural gas resources – for 40 years, which means that more investments are required to develop existing and new fields.

The volume of natural gas transit through the territory of Ukraine in 2017 increased by 13.7% compared to 2016 to reach 93.5 bn cub. m., while the domestic natural gas transportation to domestic customers went down by 7.1% to 27.4 bn cub. m. The total revenue of JSC “Ukrtransgaz” in its core business continued to grow in 2017 and reached UAH 51,181.4 mn, including UAH 22,122.2 mn received from the natural gas transit through the territory of Ukraine and UAH 6,898.9 mn earned for the domestic natural gas transportation.

The volume of domestic oil transportation to oil refineries in Ukraine in 2017 was equal to 2.1 mn tons, which is 50% higher compared to 2016. The growth pace of oil transit through the territory of Ukraine was lower – 0.72% to 13.9 mn tons in 2017. According to JSC “Ukrtransnafta”, its revenues from oil transportation to domestic customers in 2017 amounted UAH 165.3 mn, while its revenues from oil transit were equal to UAH

	<p>3,573.5 mn.</p> <p>More details about each sector is available in annex 5 to the EITI Report for 2017.</p>
<p><b>Revenue collection (requirement 4)</b></p>	<p>According to the State Tax Service, four extractive industries (production of stone coal, oil, natural gas and iron ores) as well as oil and natural gas transportation accounted for 97.34% of taxes and other state revenues from the extractive sector in 2017. Due to the economic significance of the titan and manganese ore production as well as taking into account the government plans to privatize the key titan production companies in Ukraine, the MSG members decided (protocol of the MSG meeting of 22 November 2019) to include them in the EITI report for 2017, though the state revenues from these industries are relatively low.</p> <p>Given the importance of open data about gas and oil transportation in Ukraine and based on the technical and economic assessment that reflects the significance of this business for state budget revenues, the MSG agreed to include information about oil and gas transportation in the EITI Report. The relevant part of the Report contains data about the transportation routes and volumes, transportation tariffs as well as transporting companies and their earnings. Also, section 5.2.5 of the Report contains detailed information on the payments for oil and gas transportation services.</p> <p>More details about payments made by companies and government revenues are available in section 7 of the EITI Report 2017.</p>
<p><b>Revenue distribution (requirement 5)</b></p>	<p>The management of state budget funds and compliance with the budget regulations were subject to audit, assessment and control at all stages of the budget process. The Accounting Chamber exercised control over the revenues of the state budget of Ukraine and their use and published corresponding reports on its website. Using the Unified web portal on the use of public funds,</p>



	<p>It is also possible to trace state budget expenditures in the real-time mode (search by spending units, by specific transactions, regions etc.).</p> <p>The State Audit Service of Ukraine exercises state financial control aiming to examine compliance with the budget regulations, including the audit of legal and effective use of state or municipal funds and assets as well as the implementation of budget programmes.</p> <p>More details on the distribution of tax revenues between the budgets of different levels are available in section 6.5.</p>
<p><b><i>Social and economic expenditures (requirement 6)</i></b></p>	<p>Based on a survey among extractive companies, the EITI Report 2017 contains information about their financial contributions to social and charitable activities:</p> <ul style="list-style-type: none"> <li>• Social expenditures (financial and in natura) required from companies by the legislation of Ukraine, product sharing agreements, subsoil use agreements, investment commitments, concession agreements, contracts on the sale and purchase of state property or by any other commitments made to the state, central and local authorities that are mandatory according to regulations or agreements related to extractive activities;</li> <li>• Any voluntary expenditures of companies for social purposes;</li> <li>• Value of goods, work and services provided by companies free of charge to state enterprises, institutions and organisations, state authorities, local self-government bodies or other recipients;</li> <li>• Charitable contributions and donations (in accordance with the Law of Ukraine “On charitable activity and charitable organisations”) provided by companies to state enterprises, institutions and organisations, state authorities, local self-government bodies or other recipients;</li> <li>• Quasi fiscal operations.</li> </ul>

	<p>Also, social and charitable expenditures were subject to analysis by the below areas:</p> <ul style="list-style-type: none"> <li>• healthcare;</li> <li>• education and science;</li> <li>• environment protection;</li> <li>• support for municipalities etc.</li> </ul> <p>More details on these payments made by companies as well as more information about companies with the highest social contributions are available in the above-mentioned section 5.10.3. of the Report.</p> <p>Also, section 6.6.7. contains information about cooperation between extractive companies and municipalities.</p>
<p><b><i>Results and impact (requirement 7)</i></b></p>	<p>The UAEITI team pays much attention to informing the public about the meaning of the figures stated in the EITI Report. It also fosters public debates about the effective use of revenues received from the extraction of natural resources. The list of public events conducted in Kyiv and in the extractive regions is available in annex 1.</p> <p>With the support of the Government of Germany (project “Good Financial Governance”), the MSG members passed trainings for the development of the monitoring and assessment system and prepared the key principles for the preparation of the required document. The first draft monitoring and assessment study had been prepared by the representatives of the National EITI Secretariat and the think tank of the NGO “Dixy Group” with the support of USAID. Afterwards, the study was improved and tuned up with the support of the International Renaissance Foundation. In 2019, the MSG members assessed and monitored the EITI implementation in Ukraine in 2018-2019 with the support of donors including the Government of Germany (project “Good Financial Governance”), the International Renaissance Foundation and the USAID project “Energy Sector Transparency”. The monitoring and assessment system includes a two-level EITI implementation progress assessment as well as the assessment if the EITI impact on reforms running in the country with a breakdown in four categories: steering and administration of the EITI Secretariat, build-up of a dialogue platform for the development of strategic ideas and proposals, EITI extension and development of new activity areas along with enhancing partnership between local self-government bodies, companies, civil society institutions and central bodies of executive power.</p>

## Description of progress in meeting other EITI requirements

EITI Standard requirement	Section of the Report
2.1	<p>Regulations, including fiscal regulations, for the extractive industries as well as the main reform areas are described in <b>section 6</b> of the Report:</p> <ul style="list-style-type: none"> <li>• review of the legislation on extractive industries, including tax regulations – <b>section 6.1</b></li> <li>• functions and powers of state authorities – <b>section 6.2, annex 5</b></li> <li>• reform of the regulatory and fiscal regime for the extractive industry in 2017 – <b>section 6.3</b></li> <li>• regulation of state engagement in the extractive industries – <b>section 6.4</b></li> <li>• fiscal regime, including information about the tax revenues of public budgets at different levels (tax decentralization) – <b>section 6.5</b></li> <li>• regulatory regime – <b>section 6.6</b>, including: <ul style="list-style-type: none"> <li>○ review of special permits for the use of subsoil resources – <b>section 6.6.2</b></li> </ul> </li> <li>• review of contracts in extractive industries and other contracts related to extractive activity – <b>sections 6.6.4 and 6.6.5</b></li> </ul>
2.2	<p><b>Section 6.6.2</b> describes the procedure for the provision of special permits for the use of subsoil resources (including the types of use of subsoil resources that require a permit, formalities required to receive permits, selection criteria for applicants etc.).</p> <p>Information about the auctions for the sale of special subsoil permits that took place in 2017 and the winners of those auctions is available in <b>annex 8</b>.</p> <p>Information about the running and planned reforms concerning special permits for the use of subsoil resources is available in <b>section 6.3</b>.</p>
2.3	<p>Information about the register of special permits for the use of subsoil resources and data available in this register is available in <b>section 6.6.1</b>.</p>
2.4	<p>Information about contracts in the extractive industries and requirements for their disclosure, including data about signed contracts and tenders for signing new contracts (where applicable) as well as information about the taxation of activities pursued under such contracts are available in <b>sections 6.6.4 and 6.6.5</b>.</p> <p>Information about reforms concerning the disclosure of contracts in the extractive industries is available in <b>section 6.3</b>.</p>
2.5	<p>Information about state policy on the disclosure of the beneficial owners (controlling parties) of extractive companies as well as data about such persons in the Unified state register is available in <b>section 6.6.3</b>.</p> <p>Information about the beneficial owners (controlling parties) of the reporting organisations as per the Unified state register is available in <b>annex 6</b>.</p>

2.6	<ul style="list-style-type: none"> <li>• Clarification of the role of state-owned enterprises in the extractive industries (requirement 2.6 a) I.) – <b>sections 5.1.1, 5.2.1, 5.3.2, 5.4.1, 5.5.1, 5.6.1, 5.7.1, 5.8.1, 5.9.1</b></li> <li>• Regulations for the relations between state-owned enterprises and the state (requirement 2.6 a) I.) – <b>section 6.4</b></li> <li>• Practical interaction between state-owned enterprises and the state (requirement 2.6 a) I.):             <ul style="list-style-type: none"> <li>– Information about non-distributed profits, reinvestment and external funding - <b>sections 5.1.1, 5.2.1, 5.4.1, 6.4.1.2</b></li> <li>– Information about dividends - <b>sections 6.4.3, 7.5.1; annex 10 (section 18.9)</b></li> </ul> </li> </ul>
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EITI Standard requirement	Section of the Report
	<ul style="list-style-type: none"> <li>• Participation of the state and state-owned enterprises in the charter capital of extractive companies (requirement 2.6 a) II.):               <ul style="list-style-type: none"> <li>– State share in the charter capital of extractive companies – <b>sections 5.1.1, 5.2.1, 5.4.1</b></li> <li>– Liability of the state for the commitments of extractive companies – <b>sections 5.1.1, 5.2.1, 5.4.1, 6.4.1.3</b></li> <li>– Credits and government guarantee for taken loans – <b>sections 5.1.1, 5.2.1, 5.4.1, 6.4.4.3</b></li> </ul> </li> <li>• Financial reporting and conclusions of the external auditor for state-owned extractive enterprises (requirement 2.6 b)) – <b>annex 12</b></li> </ul> <p>Information about the state engagement in the extractive industries is available in <b>section 6.4</b>:</p> <ul style="list-style-type: none"> <li>• Definition of “state-owned extractive enterprises” (SOE), funding of their operations and the liability of the state for covering the expenses of such enterprises - <b>section 6.4.1</b></li> <li>• State policy in the management of state-owned economic entities, including running and planned reforms in public governance – <b>section 6.4.2</b></li> <li>• Review of the types of payments made by companies with a state share in favour of the state – <b>section 6.4.3</b></li> <li>• Review of the types of payments made by the state in favour of companies with a state share (including state support and aid) – <b>section 6.4.4</b></li> <li>• Functions of companies with a state share and payments for companies with a state share – <b>section 6.4.5.</b></li> </ul> <p>Description of the state liability for covering the expenditures of state-owned enterprises (SOE) is available in the following Report sections:</p> <ul style="list-style-type: none"> <li>• 6.4.1.3 (liability for the obligations of state-owned enterprises)</li> <li>• 6.4.4 (selected state support measures)</li> <li>• 6.6.4 and 6.6.5 (role and liability of the state in product sharing agreements and joint operating agreements respectively)</li> <li>• Information about audit and disclosure of the financial reporting of state-owned enterprises - <b>section 4.3.</b></li> </ul>
3.1	Information about significant exploration activities is available in each <b>section</b> about a specific industry: <b>5.1.3, 5.2.3, 5.3.3, 5.4.3, 5.5.3, 5.6.3, 5.7.3, 5.8.3.</b>
3.2	<ul style="list-style-type: none"> <li>• Information about the available volume of subsoil resources is available in <b>section 5</b>, including: <b>5.1.2, 5.2.2, 5.3.2, 5.4.2, 5.5.2, 5.6.2, 5.7.2, 5.8.2, 5.9.2.</b></li> <li>• Information about production volume (in natural units) in the extractive industries is available in <b>section 5</b>, including: <b>5.1.4, 5.2.4, 5.3.4, 5.4.4, 5.5.4, 5.6.4, 5.7.4, 5.8.4, 5.9.4.</b></li> <li>• Information on the price of the extracted subsoil resources is available in <b>section 5.10.1.1</b></li> </ul>
3.3	Information about export and import - <b>section 5</b> , including: <b>5.1.5, 5.2.6, 5.3.5, 5.4.5, 5.5.5, 5.6.5, 5.7.5, 5.8.5.</b> The official statistics does not contain disaggregated information about the export and import of the subsoil resources covered by the EITI Report 2017 with a breakdown by the regions of Ukraine.
4.1	Information about taxes and other state revenues from the extractive industries - <b>section 7, annexes 10, 11.</b>

4.2	In Ukraine, there is no mechanism in place for the transfer of a part of extracted subsoil resources to the state. This was agreed in the MSG decision of 22 November 2019. At the same time, the questionnaires for extractive companies did include questions on that mechanism, and there were no responses reporting the transfer of a part of the earnings of
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EITI Standard requirement	Section of the Report
	extractive companies to the state.
4.3	In Ukraine, barter and infrastructure agreements with the state are not used. This was agreed in the MSG decision of 22 November 2019. At the same time, the questionnaires for extractive companies did include questions on that mechanism, and there were no responses reporting barter agreements between extractive companies and the state.
4.4	<p>Information about oil and gas transportation, including transit, is available in <b>section 5.2.5</b>. Revenues from transportation are disclosed in <b>section 5.2.5</b> in part only due to the lack of complete and disaggregated data from companies.</p> <p>Routing data (requirements 4.4 I.) cannot be disclosed due to the specifics of the operation of the Ukrainian oil and gas transport system.</p>
4.5	<ul style="list-style-type: none"> <li>• Information about transfer payments (grants, subsidies, subventions) from the state to state-owned extractive companies – <b>sections 5.1.1, 5.2.1, 5.4.1, 6.4.4</b></li> <li>• Information about dividends paid to the state by state-owned extractive companies – <b>section 7.5.1, annex 10 (section 18.9)</b></li> <li>• Relations between the state and state-owned enterprises based on joint operating agreements, concession agreements, product sharing agreements - <b>sections 5.1.1, 5.2.1, 5.4.1</b></li> <li>• Payments from extractive companies to state-owned enterprises were deemed insignificant and were not subject to disclosure in the EITI Report for 2017 according to the MSG decision of 6 September 2016.</li> </ul> <p>Review of payments from companies with a state share to the state – <b>section 6.4.3</b></p>
4.6	<p>According to the technical and economic assessment and MSG decisions, the EITI Report covers two sub-national payments included in the below sections:</p> <ul style="list-style-type: none"> <li>• Profit tax – <b>section 7.4.2, annex 10 (section 18.2)</b></li> <li>• Personal income tax – <b>section 7.4.1, annex 10 (section 18.1)</b>;</li> <li>• Land tax – <b>section 7.4.7, annex 10 (section 18.7)</b>;</li> <li>• Environment fee – <b>section 7.4.8, annex 10 (section 18.8)</b>;</li> <li>• Rent fee for the extraction of subsoil resources of national significance – <b>section 7.4.3, annex 10 (section 18.3)</b>.</li> </ul> <p>Information about the distribution of tax revenues between public at different levels with a breakdown by specific taxes/fees is available in <b>section 6.5</b>.</p>
4.7	The Report contains disaggregated information about state revenues from the extractive industries by the types of taxes/fees and specific companies ( <b>annexes 10, 11</b> ).
4.9	<p>Information about the procedures for the financial reporting audit in accordance with international standards is available in <b>annex 12</b>.</p> <p>According to the MSG decision of 22 November 2019, the completeness and accuracy of the data are confirmed by the below parties as follows:</p> <ul style="list-style-type: none"> <li>– Extractive companies (private and state-owned) – signatures of their senior officials who guarantee the data correctness and/or conclusions of an external auditor on the provided data (if this conclusion is available) for each company.</li> <li>– State authorities – signatures of their respective senior officials. More details are available in <b>section 4.3</b>.</li> </ul>
5.1	Information about the distribution of tax revenues between public budgets at different levels - <b>section 6.5, section 7 and annex 9</b> .





<b>EITI Standard requirement</b>	<b>Section of the Report</b>
5.2	Information about the distribution of tax revenues between public budgets at different levels - <b>section 6.5, section 7</b> and <b>annex 9</b> .
5.3.	Description of the budget process in Ukraine, review of requirements concerning the audit and performance assessment of budget management - <b>section 6.7</b> .
6.1	Information about the social spending of companies and the types of the quasi fiscal expenditures of state-owned enterprises – <b>sections 6.6.6</b> and <b>6.6.7</b> . Information about the actual social and environmental expenditures of extractive companies – <b>section 5.10.3</b> .
6.2	Information about the social spending of companies and the types of the quasi fiscal expenditures of state-owned enterprises – <b>sections 6.6.6</b> and <b>6.6.7</b> . Information about the quasi fiscal operations of extractive companies – <b>section 5.11.1</b> .
6.3	Information about the contribution of the extractive industries to the economy of Ukraine - <b>section 5.10</b> .

## Brief description of the MSG reaction to the sanctioning process recommendations (if applicable)

*According to Requirement 7.2 (a) (iii), a short description of the MSG reaction and its progress in implementing the recommendations on verification and sanctioning in line with Requirement 7.1 shall be provided. The MSG is requested to list all received recommendations and measures taken to implement them. The MSG can describe amendments to the working plan made to implement the recommendations.*

In 2017, Ukraine was subject to the validation procedure for the first time. At the EITI Board meeting in Berlin on 28-29 June 2018, it was declared based on the validation results that Ukraine had made a significant progress in the EITI implementation.

The below list includes the steps for the improvement of the EITI implementation process that were recommended by the International Secretariat. Thanks to the possibility to look into this list in advance, the MSG could take most of them into account in the new EITI Report for 2016, which was followed by the finalization of the sanctioning recommendations in the EITI Report for 2017. The respective data are listed below.

1. Information concerning **Requirement 2.6 of the EITI Standard on the state participation** that was insufficient in the previous reports is available in the following sections of the EITI Report for 2017:
  - ✓ Explanation of the role of state-owned enterprises in the extractive industries (requirement 2.6 a) I.) –  
– **sections 5.1.1, 5.2.1, 5.3.2, 5.4.1, 5.5.1, 5.6.1, 5.7.1, 5.8.1, 5.9.1**
  - ✓ Rules regulating the relationship between state-owned enterprises and the state (requirement 2.6 a) I.) – **section 6.4**
  - ✓ Practical aspects of the relationship between state-owned enterprises and the state (requirement 2.6 a) I.): Information about non-distributed profit, reinvestment and external funding - **sections 5.1.1, 5.2.1, 5.4.1, 6.4.1.2**; information about dividends - **section 6.4.3, section 7.5.1, annex 10 (section 18.9)**
  - ✓ Participation of the state and state-owned enterprises in the charter capital of extractive companies (requirements 2.6 a) II.): state share in the charter capital of extractive companies – **sections 5.1.1, 5.2.1, 5.4.1**; scope of state liability for the obligations of extractive companies – **sections 5.1.1, 5.2.1, 5.4.1, 6.4.1.3**; credits and government-backed loans – **sections 5.1.1, 5.2.1, 5.4.1, 6.4.4.3**
  - ✓ Financial reporting and conclusions of external auditors for extractive companies in the state sector of the economy (requirement 2.6 b)) – **annex 12**
  - ✓ Information on state participation in the extractive industries is available in **section 6.4** of the Report: definition of state-owned enterprises (SOE), funding of their operations and state responsibility for covering their expenditures - **section 6.4.1.**
  - ✓ State policy in the management of state-owned economic entities, including running and planned reforms in public governance – **section 6.4.2**  
Review of payments made by companies with state participation to the state – **section 6.4.3**
  - ✓ Review of the types of payments made by the state to companies with state participation (including state support and state aid) – **section 6.4.4**

- ✓ Functions of companies with state participation and payments to companies with state participation – **section 6.4.5.**
- ✓ Description of state responsibility for covering the expenditures of state-owned enterprises (SOE) is available in the following sections of the Report: 6.4.1.3 (responsibility for the obligations of SOE); 6.4.4 (certain state support measures); 6.6.4 and 6.6.5 (role and responsibility of the state concerning product sharing agreements and joint operating agreements respectively)
- ✓ Information about the audit and disclosure of the financial reports of SOE is available in **section 4.3.**

2. According to **requirement 4.1b**, the MSG shall ensure that the materiality of payments made by organisations that do not file reports as part of EITI as well as the nature of detected irregularities are properly studied and are compatible with the general conclusions of the external auditor concerning **the comprehensiveness of the examination**. This conclusion is available in section 7.2.1 “Comprehensiveness of the examination” of the EITI Report for 2017.

3. Data concerning **requirement 4.4. on the disaggregation of revenues from the transportation** by specific pipelines/routes and companies are available in section 5.2.5.

4. According to **requirement 4.5**, the MSG shall ensure that the reporting procedures covers the functions of **SOE**, including material payments to SOE from oil, gas and mining companies as well as fund transfers between SOE and other government units. This information is provided by the MSG in sections 5.1.1, 5.2.1, 5.4.1, 6.4.4 of the EITI Report 2107.

5. Information concerning **requirement 4.9** was disclosed as follows:

Information about the procedures for the financial reporting audit in accordance with international standards is available in annex 12.

According to the MSG decision of 22 November 2019, the **completeness and accuracy of the data are confirmed by the respective parties as follows:**

- Extractive companies (private and state-owned) – signatures of their senior officials who guarantee the data correctness and/or conclusions of an external auditor on the provided data (if this conclusion is available) for each company.
- State authorities – signatures of their respective senior officials. More details are available in **section 4.3.**

6. Information about **quasi fiscal operations of SOE** as per **requirement 6.2** is available in sections 5.11.1, 6.6.6 and 6.6.7.

7. According to **requirement 6.3**, the MSG shall clarify the accessibility of open data concerning the assessment of the operations of **the informal economy**, including, but not limited to, artisanal and small-scale mining. The relevant information is available in section 5.10 of the EITI Report 2017.

8. According to **requirement 3.2**, countries implementing EITI shall **disclose information about mining** in a timely manner, including the mining volume and value by products. This information is available in the following sections of the EITI Report 2017:

- Information about the reserves of subsoil resources is available in **section 5: 5.1.2, 5.2.2, 5.3.2, 5.4.2, 5.5.2, 5.6.2, 5.7.2, 5.8.2, 5.9.2.**
- Information about the extraction volume (in natural units) is available in **section 5: 5.1.4, 5.2.4, 5.3.4, 5.4.4, 5.5.4, 5.6.4, 5.7.4, 5.8.4, 5.9.4.**
- Information about the value of extracted subsoil resources is available in **section 5.10.1.1**

It must also be noted that the MSG discussed recommendations concerning the EITI implementation that had been provided by the external administrator. Also, the MSG analysed and documented progress in the implementation of the recommendations. This information is available in annex 2 to this document.

***Strong and weak points identified in the EITI implementation process:***

*List all efforts made to enhance the EITI implementation, including any actions taken to improve the comprehensiveness and coverage of the EITI reports as well as to improve cooperation with the relevant stakeholders (Requirement 7.4 (a) (v)).*

*The MSG can provide information about the following points:*

- *Extension of the coverage by the EITI reports and explanation on how it reflects the goals specified in the working plan;*
- *Steps made to ensure that the EITI Reports contribute to debates and help the public better understand the EITI process;*
- *Awareness-raising and support for the capacity development of the stakeholders;*
- *Description of the deficits detected in the EITI process and steps taken to remedy them.*

The EITI Report 2017 covers the following sectors: extraction of stone coal, oil, natural gas; extraction of iron, titan and manganese ore; oil and natural gas transportation. It also contains the description of other sectors: extraction of refractory and fire-resistant clay, quartz sand and construction stone.

Also, the EITI Report 2017 contains a more detailed information with a breakdown by the regions, which made it possible to analyse the data and to disclose them for all sectors that are significant for the economy of Ukraine.

The following positive key aspects of the EITI implementation shall be mentioned:

- Support for the process by the Government – the state budget for 2019 has allocations for the preparation of the EITI Report for 2019;
- Creation of the EITI online platform for companies and state bodies to file their reports;
- Two representatives of Ukraine are available in the International EITI Board;
- High level of awareness-raising activities and dissemination of information — large-scale activities in the regions of Ukraine;
- Active and visible participation and support of the civil society;
- Availability of the open register of beneficiary owners and the relevant legislation that requires the disclosure of beneficiary ownership data;
- Sustainable dialogue with international donors.

Deficits in the EITI implementation process in 2019:

- Burdensome bureaucracy;

- Government rotations and instability due to the appointment of new representatives of the Ministry of Energy and Environment Protection (Minecoenergo).

**The MSG sees the following ways to remedy the above deficits:**

- **Adoption of the bylaws to the Law of Ukraine “On transparency in extractive industries”;**
- **Adoption of amendments to the Law of Ukraine “On transparency in extractive industries”;**
- **Set-up of the MSG according to the Law of Ukraine “On transparency in extractive industries”;**
- **Digital EITI implementation – active use of the online platform to file EITI reports and to disclose the relevant data.**

## Total implementation costs:

*The MSG can include information about the costs of the EITI implementation. This information can include the comparison of the total expenditures with the expenditures stipulated in the working plan and a line-by-line breakdown for the financing parties and budget positions as well as the number of staff at the National Secretariat.*

The World Bank provided Ukraine a grant of USD 780,000 for the EITI implementation for the period 2016-2019. Apart from the preparation of the EITI Reports, it covers the preparation of the report on the indirect impact of the extractive industries on the economy of Ukraine and the report on the legal and regulatory basis for the extractive sector as well as salaries for the National Secretariat staff (4 persons), operational costs and the independent audit of the use of the funds provided by the World Bank. The EITI Report for 2017 was funded with the loan provided by the World Bank as part of the third component of the second project for electricity transmission. The preparation of the EITI Report for 2018 is expected to be funded through this loan as well.

In addition, the EITI implementation in Ukraine was supported by the International Renaissance Foundation, GIZ and USAID. The funds received from these organisations were used for events at the regional and national level, publications, preparation of required regulations and capacity development of the MSG.

## Other additional comments

### 1. Was this Report discussed outside the MSG?

*In accordance with requirement 7.2 (b), all parties shall be able to participate in the preparation of the annual report and analysis of the EITI implementation process. Civil society and industry groups involved in the EITI process, but not limited to those participating in the MSG, shall have the possibility to express their opinion on the EITI process, their opinions shall be mentioned in the annual report.*

**The annual progress report had been sent to the MSG in advance, so its members could conduct consultations and provide comments from their respective groups.**

## Annex 1. List of EITI events in Ukraine for 2019

In total, **51 EITI events** took place in Ukraine in 2019.

### By regions:

1. Kyiv - 9 events
2. International level – 4 events
3. Sumy region - 3 events
4. Kharkiv region - 16 events
5. Poltava region - 12 events
6. Volyn region - 1 event
7. Zakarpattia region - 1 event
8. Lviv region - 3 events
9. Dnipropetrovsk oblast - 1 event
10. Zhytomyr region - 1 event

No.	Date	Event	Details
<i>Regional events</i>			
1	9 January	Komyshi village, Sumy region Seminar “Local development workshop”	<b>Participants:</b> local pupils and students <b>Organized by:</b> NGO “NEW Energy” <b>Funded by:</b> Government of Germany through the project “Good Financial Governance” implemented by the federal company GIZ GmbH <b>More details:</b> <a href="#">link</a>
2	17 January	Malynivska settlement council, Kharkiv region Seminar “Social capital of Malynivska AH”	<b>Participants:</b> representatives of Malynivska settlement council <b>Organized by:</b> NGO “NEW Energy” <b>Funded by:</b> Government of Germany through the project “Good Financial Governance” implemented by the federal company GIZ GmbH <b>More details:</b> <a href="#">link</a>
3	22 January	Chkalivska AH, Kharkiv region Seminar “Image-building and potential mapping for Chkalovska AH”	<b>Participants:</b> representatives of Chkalivska AH <b>Organized by:</b> NGO “NEW Energy” <b>Funded by:</b> Government of Germany through the project “Good Financial Governance” implemented by the federal company GIZ GmbH

			<b>More details:</b> <a href="#">link</a>
4	23 January	Kolomatska AH, Kharkiv region  Seminar “Analysis of the environment and development factors for the extractive industry in Kolomatska AH”	<b>Participants:</b> local residents and representatives of local self-government bodies  <b>Organized by:</b> NGO “NEW Energy”  <b>The event was conducted</b> as part of the project “Transparent management and control over revenues from extractive industries at the local level” that is implemented with the financial support of the International Renaissance Foundation.  <b>More details:</b> <a href="#">link</a>
5	25 January	Ternova village, Kharkiv region  Seminar “Methods to involve the public in the decision-making process in extractive municipalities”	<b>Participants:</b> local residents and representatives of local self-government bodies  <b>Organized by:</b> NGO “NEW Energy”  <b>The event was conducted</b> as part of the project “EITI in Ukraine: regional dimension”. The project is implemented with the financial support of the Government of Germany through the project “Good Financial Governance” implemented by the federal company GIZ.  <b>More details:</b> <a href="#">link</a>
6	12 February	Kovalivka village, Poltava region  Public discussion “Preparation of the strategic vision of the municipality’s development. Social and economic development plan of the municipality”	<b>Participants:</b> local residents and representatives of local self-government bodies  <b>Organized by:</b> NGO “NEW Energy”  <b>The event was conducted</b> as part of the project “Transparent management and control over revenues from extractive industries at the local level” that is implemented with the financial support of the International Renaissance Foundation.  <b>More details:</b> <a href="#">link</a>
7	12 February	Kovalivka village, Poltava region  Seminar “Selection of priorities to utilize received rent revenues. Project preparation and management”	<b>Participants:</b> local residents and representatives of local self-government bodies  <b>Organized by:</b> NGO “NEW Energy”  <b>The event was conducted</b> as part of the project “Transparent management and control over revenues from extractive industries at the local level”



			<p>that is implemented with the financial support of the International Renaissance Foundation.</p> <p><b>More details:</b> <a href="#">link</a></p>
8	13 February	<p>Poltava</p> <p>Round table “Improving the social and economic development of municipalities in partnership with oil and gas companies. Are all opportunities really used?”</p>	<p><b>Participants:</b> civil activists, industry experts, resident of extractive regions, representatives of the regional council and district councils, representatives of extractive companies, journalists.</p> <p><b>Organized by:</b> NGO “NEW Energy”</p> <p><b>The event was conducted</b> as part of the project “Transparent management and control over revenues from extractive industries at the local level” that is implemented with the financial support of the International Renaissance Foundation.</p> <p><b>More details:</b> <a href="#">link</a></p>
9	14 February	<p>Machukhivska AH, Poltava region</p> <p>Round table “Cooperation between municipalities and extractive companies for the sustainable development of territories”</p>	<p><b>Participants:</b> local residents and representatives of local self-government bodies</p> <p><b>Organized by:</b> NGO “NEW Energy”</p> <p><b>The event was conducted</b> as part of the project “Transparent management and control over revenues from extractive industries at the local level” that is implemented with the financial support of the International Renaissance Foundation.</p> <p><b>More details:</b> <a href="#">link</a></p>
10	19 February	<p>Poltava</p> <p>Business breakfast “Development of relations with stakeholders in the context of effort to ensure transparency in the extractive industries”</p>	<p><b>Participants:</b> representatives of the company “Ukrgezvydobuvannya”, NGO “New Energy”, NGO “Poltava Public Service” and civil activists</p> <p><b>The event was conducted</b> as part of the project “Transparent management and control over revenues from extractive industries at the local level” that is implemented with the financial support of the International Renaissance Foundation.</p> <p><b>More details:</b> <a href="#">link</a></p>
11	19 February	<p>Kovalivka village, Poltava region</p> <p>Seminar “Analysis of the environment and development factors for Kovalivka village council”</p>	<p><b>Participants:</b> local residents and representatives of local self-government bodies</p> <p><b>Organized by:</b> NGO “NEW Energy”</p> <p><b>The event was conducted</b> as part of the project “Transparent management and control over revenues</p>

			<p>from extractive industries at the local level” that is implemented with the financial support of the International Renaissance Foundation.</p> <p><b>More details:</b> <a href="#">link</a></p>
12	25 February	<p>Natalyne village, Kharkiv village</p> <p>Public discussion “Preparation of the strategic vision for the development of Natalyne municipality”</p>	<p><b>Participants:</b> local residents and representatives of local self-government bodies</p> <p><b>Organized by:</b> NGO “NEW Energy”</p> <p><b>The event was conducted</b> as part of the project “Transparent management and control over revenues from extractive industries at the local level” that is implemented with the financial support of the International Renaissance Foundation.</p> <p><b>More details:</b> <a href="#">link</a></p>
13	19 March	<p>Kharkiv</p> <p>Round table “Rent decentralization – 2019: planning and effective use”</p>	<p><b>Participants:</b> representatives of municipalities, extractive companies, regional state administration and regional council</p> <p><b>Organized by:</b> NGO “NEW Energy”</p> <p><b>The event was conducted</b> as part of the project “Transparent management and control over revenues from extractive industries at the local level” that is implemented with the financial support of the International Renaissance Foundation.</p> <p><b>More details:</b> <a href="#">link</a></p>
14	4 September	<p>Babayi village, Kharkiv region</p> <p>Seminar “Databases, registers and information sources in the extractive sector”</p>	<p><b>Participants:</b> representatives of local self-government bodies and the municipality</p> <p><b>Organized by:</b> NGO “NEW Energy” as part of the project “UAEITI for effective local governance” that is funded by the federal company GIZ GmbH with the support of the Government of Germany.</p> <p><b>More details:</b> <a href="#">link</a></p>
15	16 September	<p>Korobochkyne village, Kharkiv region</p> <p>Seminar “Development projects for municipalities”</p>	<p><b>Participants:</b> deputies of the regional council, local self-government representatives, local residents</p> <p><b>Organized by:</b> NGO “NEW Energy” as part of the project “UAEITI for effective local governance” that is funded by the federal company GIZ GmbH with the support of the Government of Germany.</p>

			<b>More details:</b> <a href="#">link</a>
16	30 September	<p>Poltava region</p> <p>Seminar in Poltava region concerning the ecological, social and economic aspects of the operations of private companies</p>	<p><b>Participants:</b> civil activists from Kharkiv region</p> <p><b>Organized by:</b> NGO “NEW Energy” as part of the project “UAEITI for effective local governance” that is funded by the federal company GIZ GmbH with the support of the Government of Germany.</p> <p><b>More details:</b> <a href="#">link</a></p>
17	30 September	<p>Machukhy, Poltava region</p> <p>Seminar “Social and economic aspects of the extraction of subsoil resources using special permits”</p>	<p><b>Participants:</b> village residents and representatives of local self-government bodies</p> <p><b>Organized by:</b> NGO “NEW Energy” as part of the project “UAEITI for effective local governance” that is funded by the federal company GIZ GmbH with the support of the Government of Germany.</p> <p><b>More details:</b> <a href="#">link</a></p>
18	30 September	<p>Kovalivka village, Poltava region</p> <p>Seminar “Ecological aspects of the extraction of mineral resources”</p>	<p><b>Participants:</b> village residents and representatives of local self-government bodies</p> <p><b>Organized by:</b> NGO “NEW Energy” as part of the project “UAEITI for effective local governance” that is funded by the federal company GIZ GmbH with the support of the Government of Germany.</p> <p><b>More details:</b> <a href="#">link</a></p>
19	10 October	<p>Chkalivska AH, Kharkiv region</p> <p>Seminar “Assessment of the environmental impact and ecological aspects of the energy sector – all you need to know”</p>	<p><b>Participants:</b> local residents and representatives of local self-government bodies</p> <p><b>Organized by:</b> NGO “NEW Energy”</p> <p><b>The event was conducted with the support</b> of the Government of Germany as part of the project “Support of the EITI Implementation in Armenia, Georgia, Ukraine” implemented by GIZ.</p>

			<b>More details:</b> <a href="#">link</a>
20	11 October	<p>Starovirivska AH, Kharkiv region</p> <p>Training “Using open databases in the extractive sector and transparency of financial streams”</p>	<p><b>Participants:</b> local residents and representatives of local self-government bodies</p> <p><b>Organized by:</b> NGO “NEW Energy”</p> <p><b>The event was conducted with the support of</b> the Government of Germany as part of the project “Support of the EITI Implementation in Armenia, Georgia, Ukraine” implemented by GIZ.</p> <p><b>More details:</b> <a href="#">link</a></p>
21	16 October	<p>Komyshi village, Sumy region</p> <p>Training “Procedure for the release/ prolongation of licenses and assessment of impact on the environment – all you need to know”</p>	<p><b>Participants:</b> public and representatives of local self-government bodies</p> <p><b>Organized by:</b> NGO “NEW Energy”</p> <p><b>The event was conducted with the support of</b> the Government of Germany as part of the project “Support of the EITI Implementation in Armenia, Georgia, Ukraine” implemented by GIZ.</p> <p><b>More details:</b> <a href="#">link</a></p>
22	17 October	<p>Kharkiv</p> <p>Training “Ways to strengthen the influence of citizens on local policy”</p>	<p><b>Participants:</b> public and representatives of local self-government bodies</p> <p><b>Organized by:</b> NGO “NEW Energy”</p> <p><b>The event was conducted as part of the project</b> “Strengthening capacities of the coalition of non-commercial sector leaders representing internally displaced persons in Zaporizhyya and Kharkiv regions to ensure healthcare rights for internally displaced persons” that was funded as the winner of the contest for small grants under the project “Capacity development of the coalitions of internally displaced persons” of the charitable foundation “Pravo na Zakhyst” implemented with the financial support of National Endowment for Democracy (NED).</p> <p><b>More details:</b> <a href="#">link</a></p>

23	18-19 October	Kharkiv  Training “Monitoring and analysis of the environmental impact report”	<p><b>Participants:</b> civil activists, representatives of local self-government bodies</p> <p><b>Organized by:</b> NGO “NEW Energy”</p> <p><b>The event was conducted with the support</b> of the Government of Germany as part of the project “Support of the EITI Implementation in Armenia, Georgia, Ukraine” implemented by GIZ.</p> <p><b>More details:</b> <a href="#">link</a></p>
24	20 October	Kharkiv  Round table “Gas production and sustainable development of municipalities: challenges and prospects”	<p><b>Participants:</b> representatives of “gas” municipalities, experts in energy and environment issues, professionals of the gas industry in Kharkiv region, regional deputies</p> <p><b>Organized by:</b> NGO “NEW Energy”</p> <p><b>Funded by:</b> the Government of Germany as part of the project “Support of the EITI Implementation in Armenia, Georgia, Ukraine” implemented by GIZ.</p> <p><b>More details:</b> <a href="#">link</a></p>
25	22 October	Poltava  Round table “Gas production and sustainable development of municipalities: challenges and prospects”	<p><b>Participants:</b> representatives of “gas” municipalities, experts in energy and environment issues, professionals of the gas industry in Poltava region, regional deputies</p> <p><b>Organized by:</b> NGO “NEW Energy”</p> <p><b>Funded by:</b> the Government of Germany as part of the project “Support of the EITI Implementation in Armenia, Georgia, Ukraine” implemented by GIZ.</p> <p><b>More details:</b> <a href="#">link 1</a> ta <a href="#">link 2</a></p>
26	25 October	Lutsk  Seminar “EITI implementation at the local level: available tools and expected benefits”	<p><b>Participants:</b> experts, civil activists and representatives of local self-government bodies</p> <p><b>Organised by:</b> Dixi Group</p> <p><b>The event was conducted</b> as part of the project “MAP – EITI” that is implemented by DiXi Group with the support of Open Knowledge Foundation Deutschland.</p> <p><b>More details:</b> <a href="#">link</a></p>

27	7 November	Uzhgorod  Seminar “EITI implementation at the local level: available tools and expected benefits”	<p><b>Participants:</b> experts, civil activists and representatives of local self-government bodies</p> <p><b>Organised by:</b> Dixi Group</p> <p><b>The event was conducted</b> as part of the project “MAP – EITI” that is implemented by DiXi Group with the support of Open Knowledge Foundation Deutschland.</p> <p><b>More details:</b> <a href="#">link</a></p>
28	8-9 November	Lviv  Training Training “Monitoring and analysis of the environmental impact report”	<p><b>Participants:</b> representatives of the municipality and local self-government bodies</p> <p><b>Organized by:</b> NGO “NEW Energy”</p> <p><b>Funded by:</b> the Government of Germany as part of the project “Support of the EITI Implementation in Armenia, Georgia, Ukraine” implemented by GIZ.</p> <p><b>More details:</b> <a href="#">link</a></p>
29	11 November	Lviv  Training “Monitoring of the decentralization of rent payments via existing systems for the processing of open budget data”	<p><b>Participants:</b> experts, civil activists and representatives of local self-government bodies</p> <p><b>Organised by:</b> Local Economic Development Agency of Yavoriv Area as part of the project “UAEITI for effective local governance” implemented with the <b>support of the Government of Germany</b> as part of the project “Support of the EITI Implementation in Armenia, Georgia, Ukraine” implemented by GIZ.</p> <p><b>More details:</b> <a href="#">link</a></p>
30	12 November	Dnipro  Seminar “EITI implementation at the local level: available tools and expected benefits”	<p><b>Participants:</b> experts, civil activists and representatives of local self-government bodies</p> <p><b>Organised by:</b> Dixi group</p> <p><b>The event was conducted</b> as part of the project “MAP – EITI” that is implemented by DiXi Group with the support of Open Knowledge Foundation Deutschland.</p>

			<p><b>More details:</b> <a href="#">link</a></p>
31	20 November	<p>Starovirivska AH, Kharkiv region</p> <p>Seminar “Local development projects”</p>	<p><b>Participants:</b> representatives of the municipality and local self-government</p> <p><b>Organized by:</b> NGO “NEW Energy”</p> <p><b>The event was conducted</b> with the <b>support of the Government of Germany</b> as part of the project “Support of the EITI Implementation in Armenia, Georgia, Ukraine” implemented by GIZ.</p> <p><b>More details:</b> <a href="#">link</a></p>
32	21 November	<p>Komyshanska AH, Sumy region</p> <p>Seminar “Local development projects”</p>	<p><b>Participants:</b> representatives of the municipality and local self-government</p> <p><b>Organized by:</b> NGO “NEW Energy”</p> <p><b>The event was conducted</b> with the <b>support of the Government of Germany</b> as part of the project “Support of the EITI Implementation in Armenia, Georgia, Ukraine” implemented by GIZ.</p> <p><b>More details:</b> <a href="#">link</a></p>
33	27 November	<p>Zhytomyr</p> <p>Seminar “EITI implementation at the local level: available tools and expected benefits”</p>	<p><b>Participants:</b> experts, civil activists, representatives of local self-government</p> <p><b>Organised by:</b> Dixi Group</p> <p><b>The event was conducted</b> as part of the project “MAP – EITI” that is implemented by DiXi Group with the support of Open Knowledge Foundation Deutschland.</p> <p><b>More details:</b> <a href="#">link</a></p>
34	4 December	<p>Yavoriv, Lviv region</p> <p>Training “Use of open databases for the extractive sector and financial transparency”</p>	<p><b>Participants:</b> experts, civil activists, representatives of local self-government</p> <p><b>Organised by:</b> Local Economic Development Agency of Yavoriv Area as part of the project “UAEITI for effective local governance” implemented with the <b>support of the Government of Germany</b> as part of the project “Support of the EITI Implementation in Armenia, Georgia, Ukraine” implemented by GIZ.</p> <p><b>More details:</b> <a href="#">link</a></p>

35	4 December	<p>Chkalivska AH, Kharkiv region</p> <p>Training “Monitoring of rent revenues and possibilities for their use for the development of the municipality”</p>	<p><b>Participants:</b> representatives of AH and local self-government</p> <p><b>Organized by:</b> NGO “NEW Energy”</p> <p><b>The event was conducted</b> with the support of the Government of Germany as part of the project “Support of the EITI Implementation in Armenia, Georgia, Ukraine” implemented by GIZ.</p> <p><b>More details:</b> <a href="#">link</a></p>
36	5 December	<p>Kharkiv</p> <p>Training “Monitoring of the decentralization of rent payments through the available systems of open budget data processing”</p>	<p><b>Participants:</b> representatives of Kharkiv, Novovodolazky, Chuhuiv and other districts of Kharkiv region; civil activists, state authorities and local self-government bodies, business community, local deputies, teachers of higher education institutions, media.</p> <p><b>Organized by:</b> NGO “NEW Energy”</p> <p><b>The event was conducted</b> as part of the project “UAEITI for effective local governance” that is implemented with the support of the Government of Germany as part of the project “Support of the EITI Implementation in Armenia, Georgia, Ukraine” implemented by GIZ.</p> <p><b>More details:</b> <a href="#">link</a></p>
37	18 December	<p>Opishnyanska AH, Poltava region</p> <p>Training “Procedure for the release/prolongation of licenses and assessment of impact on the environment – all you need to know”</p>	<p><b>Participants:</b> representatives of the AH and local self-government</p> <p><b>Organized by:</b> NGO “NEW Energy”</p> <p><b>The event was conducted</b> with the support of the Government of Germany as part of the project “Support of the EITI Implementation in Armenia, Georgia, Ukraine” implemented by GIZ.</p> <p><b>More details:</b> <a href="#">link</a></p>
38	20 December	<p>Machukhivska AH, Poltava region</p> <p>Seminar “Monitoring of rent revenues and possibilities for their use for the development of the municipality”</p>	<p><b>Participants:</b> representatives of the AH and local self-government</p> <p><b>Organized by:</b> NGO “NEW Energy”</p> <p><b>The event was conducted</b> with the support of the Government of Germany as part of the project “Support of the EITI Implementation in Armenia, Georgia, Ukraine” implemented by GIZ.</p>



			<b>More details:</b> <a href="#">link</a>
<i>Events in Kyiv</i>			
1	2 April	Kyiv  Strategic session for the development of the EITI portal	<b>Participants:</b> MSG members; representatives of the Ministry of Energy and Coal Industry, State Fiscal Service, National EITI Secretariat, GIZ; sectoral experts and representatives of civil organisations.  <b>Organised by:</b> National EITI Secretariat and GIZ Ukraine.  <b>The event was conducted</b> with the support of the Government of Germany as part of the project “Support of the EITI Implementation in Armenia, Georgia, Ukraine” implemented by GIZ.  <b>More details:</b> <a href="#">link</a>
2	10 June	Kyiv  Meeting to discuss actual issues concerning the EITI implementation	<b>Participants:</b> MSG members; representatives of the Ministry of Energy and Coal Industry and the National EITI Secretariat  <b>Organised by:</b> National EITI Secretariat  <b>More details:</b> <a href="#">link</a>
3	29-30 October	Kyiv  Seminar on the preparation of Ukraine for the second EITI progress validation	<b>Participants:</b> MSG members, representatives of the International Renaissance Foundation and GIZ  <b>Organised by:</b> National EITI Secretariat with the <b>support</b> of the International Renaissance Foundation.  <a href="#">More details: link</a>
4	June 2019	Kyiv  MSG online meeting	<b>Participants:</b> MSG members  Electronic approval of the external administrator selected by the tender committee of the Ministry of Energy and Coal Industry
5	July 2019	Kyiv	<b>Participants:</b> MSG members

		MSG online meeting	Electronic adoption of the request to the EITI Board concerning adjusted timelines for the implementation of the EITI Standard for 2018-2019
6	22 November	Kyiv MSG meeting	<b>Participants:</b> MSG members, representatives of the Minecoenergo, representatives of the National EITI Secretariat and EY Ukraine (external administrator) <b>Organised by:</b> National EITI Secretariat <b>More details:</b> <a href="#">link</a>
	10-11 December	Kyiv Training in strategic planning for the capacity development of the members of the Association “Energy Transparency”	<b>Participants:</b> experts, civil activists and representatives of local self-government <b>Organised by:</b> Dixi Group <b>The event was conducted</b> as part of the project “MAP –EITI” implemented by DiXi Group with the support of Open Knowledge Foundation Deutschland and the International Renaissance Foundation <b>More details:</b> <a href="https://www.facebook.com/EnergyTransparency/posts/580543716056608">https://www.facebook.com/EnergyTransparency/posts/580543716056608</a>
	11 December	Kyiv Training “Documenting and planning of an advocacy campaign using the example of the build-up of regional MSGs” for the capacity development of the members of the Association “Energy Transparency”	<b>Participants:</b> experts, civil activists and representatives of local self-government <b>Organised by:</b> Dixi Group <b>The event was conducted</b> as part of the project “MAP –EITI” implemented by DiXi Group with the support of Open Knowledge Foundation Deutschland and the International Renaissance Foundation <b>More details:</b> <a href="https://www.facebook.com/EnergyTransparency/posts/580543716056608">https://www.facebook.com/EnergyTransparency/posts/580543716056608</a>
7	20 December	Kyiv MSG meeting	<b>Participants:</b> MSG members, representatives of the Minecoenergo, representatives of the National EITI Secretariat and EY Ukraine (external administrator) <b>Organised by:</b> National EITI Secretariat <b>More details:</b> <a href="#">link</a>
<i>International events</i>			

1	26-28 Februar	Kyiv,  42 <sup>nd</sup> International EITI Board meeting (series of events)	<p><b>Participants:</b> EITI Board members, international partners, representatives of NGOs, representatives of business and the Government of Ukraine</p> <p><b>Organised by:</b> Dixi Group, National EITI Secretariat, International EITI Secretariat, International Renaissance Foundation <b>Funded by::</b> International Renaissance Foundation, Government of Germany through the project “Good Financial Governance” implemented by the federal company GIZ GmbH, International EITI Secretariat, USAID</p> <p><b>More details:</b> <a href="#">link</a>, <a href="#">link</a>, <a href="#">link</a>, <a href="#">link</a></p>
2	15-17 June	Paris  Round table hosted by Ukraine “Success stories in the extractive sector”, Global EITI Conference, 18-19 June 2019	<p><b>Participants:</b> international partners; representatives of NGOs, business and the Government of Ukraine</p> <p><b>Organised by:</b> Dixi Group, National EITI Secretariat, International Renaissance Foundation</p> <p><b>Funded by:</b> International Renaissance Foundation, Government of Germany through the project “Good Financial Governance” implemented by the federal company GIZ GmbH, USAID</p> <p><b>More details:</b> <a href="#">link</a></p>

3	19-20 September	Kyiv  International seminar “EITI implementation at the regional level”	<p><b>Participants:</b> members of the Association “Energy Transparency”, public servants and representatives of the extractive sector.</p> <p><b>Organised by:</b> DiXi Group jointly with partners from OLD Germany and Green Budget Germany as part of the MAP – EITI project.</p> <p><b>More details:</b> <a href="#">blink</a></p>
4	29-30 November	Tiflis, Georgia  Conference “Effective Public Governance”	<p><b>Participants:</b> international partners, representatives of NGOs and governments</p> <p><b>Organised by:</b> GIZ GmbH</p> <p><b>Funded by:</b>  Government of Germany through the project “Cooperation Georgia-Armenia-Ukraine” implemented by the federal company GIZ GmbH</p>

## Annex 2. Recommendations to the Report and to the EITI implementation process prepared by the External Administrator and their implementation progress

Recommendation	Comments	MSG comment
<p>Improvement of the legal basis for EITI:</p> <ul style="list-style-type: none"> <li>▶ Adoption of amendments to the bylaws (resolutions of the Cabinet of Ministers of Ukraine) to specify the procedure of data collection for the EITI Report and to designate responsible persons at state bodies and in the reporting organisations.</li> </ul>	<p>The new Law of Ukraine “On transparency in extractive industries” No. 2545-VIII of 18 September 2018 was adopted, marking significant improvements in the legal basis of EITI. The Law takes into account the extended scope of the EITI Report, specifies in detail the data collection procedure, determines parties that are subject to data disclosure and regulates other issues related to the Report preparation process, starting from 2018.</p> <p>However, numerous regulations required to regulate individual procedures mentioned in the Law are still pending for adoption (for instance, report forms, contest procedure for the selection of the External Administrator, procedure for the cases of violations of the transparency regulations in the extractive sector etc.).</p> <p>Some of the paragraphs in the new Law (also when compared to other legislation like, for instance, the Code of Ukraine on Subsoil Resources) can be confusing and/or make the process of data collection more complicated. We cannot exclude that more gaps can be detected, when the Law is applied in practice.</p>	<p>The draft resolution of the Cabinet of Ministers of Ukraine on the reporting forms is now pending for approval at the State Regulatory Service; further, it shall be approved by the Ministry of Justice, followed by the final approval by the Cabinet of Ministers itself. The resolution is expected to be adopted in July 2020.</p>

<p>Simplifying access to information concerning the key EITI aspects (publication):</p> <ul style="list-style-type: none"> <li>▶ Technical information about available subsoil</li> </ul>	<p>Information about the reserves of subsoil resources still remains classified or “for internal use only” to a significant extent, or there are other restrictions making it impossible to disclose it in the EITI Report.</p>	<p>Will be discussed by the MSG.</p>
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Recommendation	Comments	MSG comment
resources, especially titan ores;		
<p>Implementation of an effective system for the planning and steering of the preparation of the next EITI reports:</p> <ul style="list-style-type: none"> <li>▶ Identification and allocation of financial and human resources for the preparation of the EITI Report not later than in the end of Q1 of the running year</li> <li>▶ Approval of the coverage and the ToR for the preparation of the next EITI Report not later than in the end of Q1 of the running year</li> <li>▶ Tender and selection of the External Administrator not later than in the end of Q2 of the running year</li> </ul>	<p>The preparation of the EITI Report 2017 and its publication were delayed significantly, which affects the EITI implementation in the long-term run.</p> <p>The Law of Ukraine “On transparency in extractive industries” does not determine any timeline for the search of resources required for the preparation of the EITI Report and selection of the External Administrator. Presently, there is no valid procedure with clearly determined timelines in place for the contest-based selection of the External Administrator who – as per this Law – shall be approved by the Minecoenergo.</p> <p>The optimal solution would be to determine clear deadlines for the completion of each stage of the EITI Report preparation (identification of the area to be covered by the Report, approval of the ToR, signing the contract with the External Administrator etc.). At least 5 months shall be given for the EITI Report preparation.</p>	<p>During the preparation of the EITI Report 2017, four Ministers and two Cabinets were in office; such a frequent personnel rotation slows down all working processes at the Energy Ministry significantly, including the EITI implementation.</p> <p>For the same reason, there were delays in engaging the External Administrator for the preparation of the EITI Reports for 2018 and 2019. Unfortunately, these processes are beyond the powers of the MSG.</p> <p>To accelerate the preparation of the EITI Report 2018, a proposal will be submitted to the tender committee of the Energy Ministry to sign an additional agreement with Ernst and Young LLC on the preparation of the EITI Report for 2018.</p>
Build-up of an effective system for the timely retrieval of information from the State Fiscal Service (SFS), clarification of figures and discrepancies.	<p>The Law of Ukraine “On transparency in extractive industries” obliges the SFS to disclose the report about the received payments, but the timeline for this disclosure is not determined.</p> <p>The External Administrator can approach the SFS for the complete information about the said payments, but the legislation is not clear on the possibility to</p>	The MSG proposes to sign a memorandum between the Energy Ministry and the SFS concerning data retrieval and cooperation related to the EITI implementation.

Recommendation	Comments	MSG comment
<p>Implementation of a unified methodology for the assessment of the reserves of subsoil resources that shall be compatible with the best global practices – for instance, it could be based on the international template for the reporting of exploration works, mineral resources and reserves (CRIRSCO Template). This would help improve the transparency of data concerning the current status of the reserves and make it possible to make a credible assessment of the data about the mineral and raw material assets of extractive companies placing their stock on a public exchange, applying for bank guarantees and loans. Finally, this would have a positive impact on the attractiveness of the Ukrainian extractive sector for investors.</p>	<p>clarify information and/or to receive explanations concerning possible discrepancies.</p> <p>From the investor’s perspective, crucial factors for the success of subsoil exploration and extraction projects include a high resource potential and low investment risks. One of the key risks for investors is a probability that the results of exploration works are not confirmed or resources and reserves listed by subsoil users in their public reports are not credible.</p> <p>To reduce this risk for investors, international standards for the public reporting on the results of exploration works, available mineral resources and reserves are widely used worldwide. These standards are compatible with the CRIRSCO template. This template is based on the best reporting standards of countries and regions like the JORC Code (Australia), the SAMREC Code (South Africa), PERC reporting standards PERC (Europe), CIM Guideline (Canada), SME Guideline (USA), Certification Code (Chile). These public reporting standards are recognized and acknowledged in all global capital markets.</p> <p>According to the DKZ<sup>1</sup> estimates, the reserves classification currently applied in Ukraine is similar to the CRIRSCO and PKOOH-2009 classification, but it is less detailed. For instance, some classes of off-balance reserves that are described more in detail elsewhere belong to the more general category “Mineral resources” in the Ukrainian classification.</p> <p>The implementation of a universal system for the assessment of subsoil reserves and the public reporting on them in Ukraine compatible with international standards</p>	<p>Concerning the unified methodology for the assessment of available subsoil resources, the MSG proposes to arrange a meeting between representatives of Derzhgeonadra and the National EITI Secretariat.</p>





Recommendation	Comments	MSG comment
	will help improve the attractiveness of the Ukrainian extractive sector for investors significantly.	
Adoption of bylaws, including the ones on the data templates for project-based reporting in line with the EITI Standard.	According to the decision of the International Secretariat, all countries complying with the EITI Standard have started the gradual transition to the disclosure of information disaggregated by specific projects in their annual reports.	See paragraph 1.
Implementation of amendments to the budgetary system of Ukraine to be able to trace payments made by extractive companies (both their payments to the state budget and their redistribution to local budget via inter-budgetary transfers).	<p>The goal is to disclose the information about the share of payments from extractive companies operating in the respective region in the total revenues of the respective local budgets (including the ones received as transfers).</p> <p>The possibility to trace the revenues of local budgets received from extractive companies that actually operate in the respective region will help improve the transparency of their use at the local level.</p>	This recommendation needs additional consultations with the representatives of the Ministry of Finance responsible for the budget process.

<p>Further steps to implement the information system enabling companies and state agencies to file EITI-relevant information in the electronic format.</p>	<p>Such a system will not only simplify the collection and analysis of information – it can become a basis for the set-up of a portal with open data about operations in the Ukrainian extractive sector.</p>	<p>With the support of the Government of Germany (project “Good Financial Governance” implemented by GIZ GmbH), an online EITI portal was created that enables companies and state agencies to file their reports in electronic form. Presently, the EITI online portal is being transferred to the Minecoenergo. It is expected that the reporting for 2018 and 2019 will be filed in</p>
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Recommendation	Comments	MSG comment
		electronic form.
<p>Unification and simplification of access to information about the extraction volume of subsoil resources.</p>	<p>Information about the extraction volume of subsoil resources is consolidated by several state agencies – State Statistics Service, Derzhgeonadra, Minecoenergo and SFS. However, only a part of it is available in free access. As a rule, this part is very general (total extraction volume in the country for the respective calendar year). Apart from that, significant discrepancies are possible between the data provided by different state agencies. It is necessary to unify the methodology and approaches for the calculation of the extraction volume and to provide free access to the detailed information, including the extraction volume by regions.</p>	<p>Will be discussed by the MSG.</p>