

# DIGEST OF REFORM

№1, 15.11.2021

## TRANSFORMATION

**On October 1, the President of Ukraine Volodymyr Zelenskyy signed the Law No. 1630-IX «On the peculiarities of reforming the enterprises of the military-industrial complex of the state form of ownership»,** which entered into its force on October 6. On the same day, the State Concern applied the necessary documents to **the Cabinet of Ministers of Ukraine** in order to register the decision on transformation of Ukroboronprom into a joint-stock company. The same was done for the enterprises of Ukroboronprom.

Furthermore, on November 6, a working group of experts from Ukroboronprom State Concern, representatives of the Ministry of Strategic Industries, the Ministry of Economy, the Ministry of Finance and the Ministry of Justice was established in order to coordinate the process.



## PARTNERSHIPS

**On November 10, Ukroboronprom and the Independent Anti-Corruption Commission (NAKO)<sup>1</sup>, Transparency International, boosted their cooperation.** NAKO will join the work on implementation of the Law No.1630-IX, in particular, preparation for corporatization, development of the company's charter, selection of members of the new supervisory board, nomination committee etc.

**On November 11, Ukroboronprom State Concern and the US Institute for Defense Analyses (IDA)<sup>2</sup> signed a cooperation agreement.** The agreement stipulates for strategic analysis of Ukraine's defense industry, reorganization and corporatization of the State Concern, assistance in the implementation of innovation programs, counselling on best practices in corporate governance.



## PRACTICAL STEPS

**Reorganization of eight subsidiary companies of the State Concern,** which have no strategic importance for Ukraine's economy and security, has begun. Commissions for reorganization and inventory check, verification of the status of property and communication with the state registration authorities were formed.

**Functional audit of the future «High-precision weapons, ammunition and special chemicals» holding has been completed.**

A comprehensive analysis of the activities of its prospective member companies has been held, and its readiness for transformation has been assessed.



<sup>1</sup> NAKO – an independent non-governmental organization working to reduce corruption and promote good governance in areas important to Ukraine's national security.

<sup>2</sup> Institute for Defense Analyses (IDA) is an American non-profit corporation that administers three federally funded research and development centers to assist the United States government in addressing national security issues, particularly those requiring scientific and technical expertise.



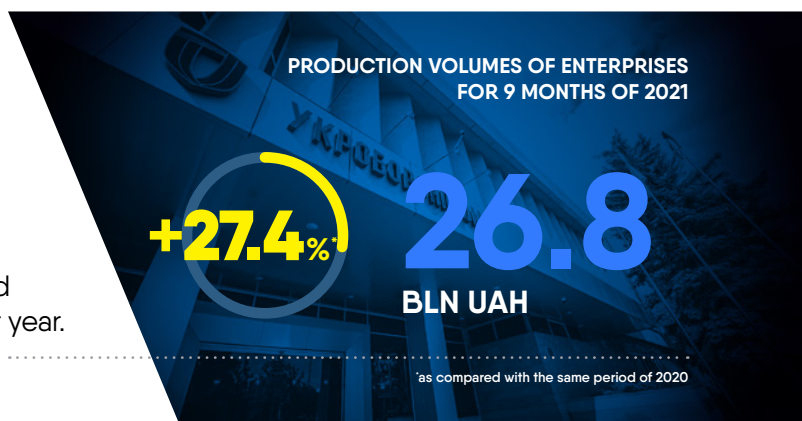
# OUTCOME OF ACTIVITY

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## PRODUCTION

Production volumes at the enterprises of Ukroboronprom exceeded the targeted ones by almost 4% for three quarters of 2021, and exceeded indicators for the same period in 2020 by 27.4%.

In monetary terms, production volumes amounted to 26.8 bln UAH in January–October in 2021, or exceeded by 5.8 bln UAH as compared with the same period last year.



## EXPORT

Special exporters concluded contracts for 694 mln USD for three quarters of 2021, which is 74% (294 mln USD) more than in the same period last year. Receipt of funds from implementation of foreign economic contracts by special exporters makes over 454 mln USD, which is 45% more than in the same period last year.

In January–October special exporters shipped products and services for over 373 mln USD, which is 16% more than in January–October last year, which is about 51.4 mln USD more than in the same period last year.



## PROCUREMENT

Ukroboronprom State Concern saved 592.1 mln UAH on purchases via Prozorro e-procurement system in three quarters of 2021. This is 90% more than in the same period in 2020. Since January 1, 2020, when enterprises of the State Concern voluntarily switched to procurements via this system, the total estimated savings made 1.3 bln UAH. The State Concern entered the leaders of the Prozorro system in terms of saved funds.

