



UCC Briefing Note to the Honourable Harjit S. Sajjan, PC, MP

Minister of International Development and Minister Responsible for the Pacific Economic Development Agency of Canada

January 4, 2022

UCC Policy Recommendations to the Government of Canada

The UCC recommends that Canada take the following steps to strengthen Ukraine's democratic resilience in the face of continued Russian aggression and deter a further Russian invasion of Ukraine:

1. Ensure that the Government of Canada's commitment of \$50 million (\$35 million for development assistance) annually to Ukraine is met for the upcoming years.
2. Stress to Ukraine's authorities that continuing the path of democratic and economic reforms and anti-corruption efforts are key to maintaining Canadian and international support for Ukraine.
3. Continue to assist Ukraine's civil society to ensure the continuing consolidation of democracy and democratic institutions. Particularly, Canada should continue to assist with programs that will build capacity and increase the effectiveness of Ukraine's political parties, media and independent journalism and non-governmental organizations.
4. Support efforts aimed at de-monopolization of Ukraine's economy, including strengthening the effectiveness of Ukraine's Anti-Monopoly Committee to encourage competition and economic development.

Additional recommendations in UCC Background Note

Strengthening Ukraine’s democratic resilience

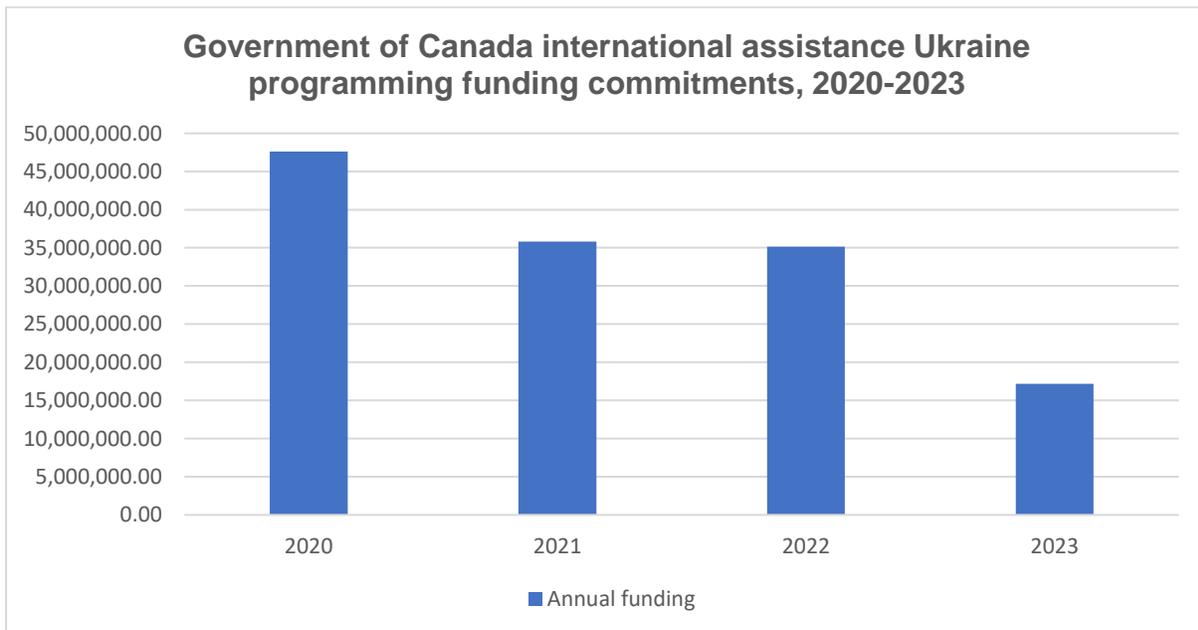
One of the most effective ways to ensure that Ukraine is able to effectively defend itself against Russia’s aggression is to ensure that Ukraine’s democratic institutions are robust and resilient, and that Ukraine’s economic growth provides the opportunity to prosper for all its citizens.

The UCC strongly supports the Government of Canada’s “commitment of \$50 million (\$35 million for development assistance) annually in support of: socio-economic programs across the country; building a strong and accountable democracy; contributing to peace and security in Ukraine and the region as a whole.”

Canadian international development assistance programming has contributed significantly to Ukraine’s progress in entrenching crucial reforms, including measures to prevent corruption in critical institutions and encourage inclusive and sustainable economic growth.

In August 2021, during a virtual visit to Ukraine, the Honourable Karina Gould, then-Minister of International Development, announced a \$30 million call for proposals to support inclusive governance in Ukraine and \$1.9 million to support Ukrainian women military veterans.

Including this latest announcement, Canada’s funding commitments, based on information available from the Department of Global Affairs, are as follows :



The UCC calls on the Government of Canada to:

1. *Ensure that the Government of Canada's commitment of \$50 million (\$35 million for development assistance) annually to Ukraine is met for the upcoming years;*

Recent months have seen a concerning trend of regression in the commitment to reforms by Ukraine's authorities. Political opponents of President Zelenskyy have been targeted with legal persecution; several officials who served in the pre-Revolution of Dignity Yanukovich administration have been appointed to high government posts.

Concerns have also been raised about attempts by the authorities to undermine the independence of institutions such as the Specialized Anti-Corruption Prosecutor. Ukraine's international partners such as the EU have also pointed to "worrying signals over the readiness to resist vested interests."

The UCC calls on the Government of Canada to:

2. *Stress to Ukraine's authorities that continuing the path of democratic and economic reforms and anti-corruption efforts are key to maintaining Canadian and international support for Ukraine.*

The continued strengthening of Ukraine's vibrant civil society and independent media institutions, which serve to preclude backsliding on necessary reform by the authorities – particularly in the fields of de-monopolization reforms, rule of law, judicial independence reforms, is especially important.

These reforms are also essential in unlocking Ukraine's considerable economic potential and encouraging and securing foreign direct investment to Ukraine.

The UCC calls on the Government of Canada to:

3. *Continue to assist Ukraine's civil society to ensure the continuing consolidation of democracy and democratic institutions. Particularly, Canada should continue to assist with programs that will build capacity and increase the effectiveness of Ukraine's political parties, media and independent journalism and non-governmental organizations.*

Ukraine's economic development and the successful implementation of market reforms continues to be significantly undermined by monopolization of strategic sectors of the economy.

Principally, this because of the influence of a few business conglomerates controlled by so-called "oligarchs" who exercise monopoly control over key sectors of the economy and influence over state-owned public companies (for example steel, energy, oil and gas).

Monopolization has undermined Ukraine's economic development because it ensures industry dominance and prevents market entry, which destroys competition, a key cornerstone of a free market economy. Until the challenge of monopolization is effectively addressed, Ukraine's economic growth will be uneven and anemic.

The US Federal Trade Commission (FTC) and USAID is working with the with Ukraine's Anti-Monopoly Committee (AMC) on recommended legislative actions that would strengthen anti-monopoly efforts and encourage competition and investment. Canada has participated in these efforts in the past through the secondment of Canadian experts.

The UCC believes that Canada is uniquely positioned to assist with these important efforts, given both Canada's significant experience in competition legislation and its enforcement, and the wide array of available experts who could be deployed to assist.

The UCC calls on Canada to:

4. *Support efforts aimed at de-monopolization of Ukraine's economy, including strengthening the effectiveness of Ukraine's Anti-Monopoly Committee to encourage competition and economic development.*