

- Credit risk (counterparty risks, risk of default of one of the parties in trade agreement)

There were a number of attempts to create an exchange market for commodity assets. For example, Ukrainian Exchange launched futures on USDUAH in 2015 and futures on Brent oil in 2016. But the turnover in these derivatives is too low to attract major commodity players.

A positive step to reform the market in the way to make commodity derivatives trading more effective was made by the government after passing the package of bills about regulating markets and derivatives in the late 2016 [4]. Also Head of Agrarian Fund Andriy Radchenko initiated the implementation of wheat futures on domestic exchanges [5].

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## **CITIES CLIMATE FINANCE**

1. Cities are generating more than 80% of the global GDP, at the same time they are responsible for 70% of the overall energy consumption and GHG emissions. Moreover, almost 60% of the global population will live in the cities by 2030 [1]. It means that these areas will be engaged the most in solving existing global problems.

2. In 2016 Ukraine signed the Paris Climate Agreement and according to this document should reduce the GHG emissions. There are different ways of fulfilling those obligations and the most important are associated with improvement of the energy efficiency and increase of the renewable energy production. In other words, we should build up the so-called green, climate resilient economy.

3. According to different estimations (for instance, DIW Econ), Ukraine needs approximately 200 billion USD to achieve climate-related goals and create climate resilient (green) economy. It's obvious that there is a lack of internal financial resources for this purpose and the situation looks more dangerous on the local level because the local budgets are suffering from huge deficits and there are no additional sources of revenues - the tax burden is enormous (more than 60%).

4. Taking into account all these circumstances, we should look more precisely at the market financial instruments and try to create the legal framework to implement and use them in Ukraine. The international financial market has a wide range of different instruments elaborated with the main purpose to make the access to green/climate finance easier.

5. The cities all around the world are using following types of universal financial instruments to raise climate finance: green bonds, sustainable development bonds, social impact bonds, etc. [2]. In fact, cities are the pioneers in implementation of all those instruments and carrying the so-called transaction costs associated with accumulation of climate finance

and non-financial reporting. Providing then those financial resources to small and medium enterprises (SMEs) - to the agents who can't carry relatively huge transaction costs.

6. The main problem in Ukraine is that all those financial instruments don't have any legal framework - it's almost impossible to use them in Ukraine. This problem is the complex one and needs an appropriate comprehensive solution. For instance, we should talk about the implementation of EU MiFID and 2013/34, 2003/87 Directives and related regulations.

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## **INTRODUCTION OF COMPULSORY DECLARATION OF ALL CITIZENS INCOME IN UKRAINE**

As the theme of my report is «Introduction of compulsory declaration of all citizen incomes in Ukraine», please allow to present you the main arguments for this reform, describe possible problems and weigh the pros and cons.

At its difficult path of European integration Ukraine has a number of critical structural marks, fighting corruption and the destruction of this very negative phenomenon is one of the most important. Here it should be noted where Ukrainian corruption takes its origin? It starts when there is no clear control over incomes, sources of income and tax payments. When a person experiences excessive fiscal freedom and sees no possible persecution for misuse, becomes prone to corrupted actions. Compulsory declaration of income is the primary tool in the fight with the hydra of corruption and shadow economy as a result. People talk a lot about the fact that corruption is a result of poor performance of the police, prosecution and judiciary, but it takes roots from excessive fiscal freedom.

So what process is called a mandatory declaration of incomes? It is legally enshrined duty of every citizen in a timely manner to provide the fiscal authorities information about the sources and size of their revenue and income of related parties during the reporting period in the form of electronic declarations, as well as provide additional explanation and supporting documents at the request of the tax inspector.

Arguments for tax reform with the proceeding of compulsory declaration of personal income in Ukraine:

- A substantial increase of transparency about revenues of taxpayers for GFS;
- A significant reduction of the range of abuses associated with excessive fiscal freedom and shadow incomes;
- A significant reduction of corruption in the country;
- The development of financial responsibility and culture of tax payers;
- Simplification of financial conduct investigations and disclosure of economic crimes.

As you can see arguments for the introduction of obligatory declaration of personal income is sufficient but reform process also of issues and related problems, mainly related to exclusively Ukrainian specific way of payment and tax administration, detection and punishment for abuse.

The list of the following important issues towards implementation of the tax reform is:

- ❖ Crime and corruption in government;
- ❖ A high level of social tension in society and low level of life;