

No. **7**
July 2024

RRR4U

Monitoring the implementation of the IMF program and EU assistance





Summary

Cooperation with international partners is crucial for Ukraine. The success of such cooperation results in the financing of priority state budget expenditures (domestic revenues are directed to security and defense).

Fulfillment of obligations under financial support programs is not needed by donors - indeed, **Ukraine needs** them to achieve economic sustainability and transition to growth and increase the welfare of Ukrainians. It is also a way to gain the trust of all international partners and foreign businesses.

The RRR4U consortium continues its regular monitoring of Ukraine's compliance with the IMF financing program and the implementation of the Ukraine Plan, which is a prerequisite for receiving budgetary support from the EU under the Ukraine Facility.

The seventh monitoring report reflects the state of commitments **as of the end of July 2024.**

As of July, Ukraine remains in compliance with its key obligations under the IMF Program and the Ukraine Plan, which forms the basis for EU assistance to the country.

Ukraine has made progress towards an agreement with creditors on the restructuring of Eurobonds, which should alleviate the debt burden and free up resources for defense financing.

Budget support from the United States is also expected.

At the same time, the financial needs remain high, making it urgent to provide Ukraine with funds from confiscated Russian assets.

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Monitoring of the implementation of structural benchmarks under the IMF program



completed
on time



completed
not on time



in
progress



not
completed





IMF program implementation: results of the fourth review

At the end of June, the IMF Executive Board completed the fourth review of the Extended Fund Facility Arrangement for Ukraine. This made it possible for Ukraine to receive the next (fifth) tranche of **USD 2.2 bn.**

It is worth noting that for the **first time in its bilateral relations with the IMF, Ukraine was able to successfully pass the fourth review of the program.**

The updated Memorandum with the Foundation contains **two new structural benchmarks**, namely:

- customs reform (by the end of October 2024);
- repeal of the “Lozovyi’s amendments” and other changes to the Criminal Procedure Code of Ukraine (by the end of October 2024).

The deadlines for **three structural benchmarks were postponed.**

The next review, which will take place tentatively in September-October 2024, also has every chance of being successful. After all, we have actually already done our homework, namely, the **law on the reboot of the Economic Security Bureau of Ukraine was adopted in June 2024.** At the same time, progress under the program will be assessed based on the fulfillment of quantitative performance criteria and indicative targets.

By the end of September, Ukraine should have completed the following structural benchmarks:

- audit tax benefits and losses from them (postponed from July 2024);
- identify the state-owned companies most affected by the war and assess fiscal and quasi-fiscal risks;
- complete an external audit of the NABU's effectiveness with the participation of three independent experts with international experience, and publish its report.



Map of the implementation of structural benchmarks



The IMF program

Fiscal sector/Financial sector



Monetary and Exchange Rate



Governance/Anti-Corruption



Energy/SOE Corporate Governance



Completed



Completed,
but not on time



In progress



Not completed



Ukraine has completed the first five structural benchmarks by the first program evaluation (June 2023)

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BENCHMARK #1 Amendments to the Budget for 2023 - Defense Financing (end of April 2023)

The Parliament approved the government's amendments to the State Budget for 2023 to provide for more and more sustainable funding for defense and security, as well as funds for urgent reconstruction. In particular, the expenditures for the reserve fund were doubled. They also optimized the structure of spending units and merged two ministries into a single Ministry of Community Development, Territories and Infrastructure, which was given the Fund for the Elimination of the Consequences of Armed Aggression.

BENCHMARK #2 Limiting spontaneous changes to the budget law and restoring medium-term planning (end of May 2023)

To this end, the Parliament registered a draft law that, among other things, allowed the Rada to consider only those changes to the state budget that had received an expert opinion from the Ministry of Finance, and restored medium-term budget planning. In June, the Budget Committee updated the text, which later became the law (see more details in benchmark #10).

BENCHMARK #3 Prepare a tax change plan for the National Revenue Strategy roadmap (end of May 2023)

The Ministry of Finance has prepared a corresponding action plan, as evidenced by the document of the first evaluation of the IMF program. However, this plan is not publicly available. The document should serve as a basis for the preparation of the National Revenue Strategy (see Benchmark 20)

BENCHMARK #4 Registration of the draft law on limiting state guarantees (end of May 2023)

These changes are intended to promote higher debt sustainability of the state. The norms for the implementation of this Benchmark were introduced in the draft law No. 9346 together with the norms for the implementation of Benchmark No. 2 (see more on Benchmark No. 10)

BENCHMARK #5 Transparency and accountability of funds on the NBU's special accounts in UNITED24 (end of May 2023)

In April 2023, the Parliament passed a law (No. 3035-IX) to increase the transparency and accountability of accounts opened with the NBU by managers of funds for charitable assistance and donations. This primarily concerned accounts on the UNITED24 platform. This finally provided a legal framework for transparent fundraising and spending from public charity accounts.



BENCHMARK 6 Prepare a strategy for the transition to a flexible exchange rate (end of June 2023)

Sector: monetary and exchange rate policy

Status: completed on time

Right at the beginning of the full-scale invasion, the National Bank fixed the hryvnia and imposed strict currency restrictions. This was the right move, which prevented panic, reduced inflationary pressures, and stabilized Ukrainians' currency expectations.

Over time, the fixed exchange rate began to lose its benefits **as the acute phase of the crisis passed**. In general, a flexible exchange rate is much better for the economy. This benchmark provides for a gradual return to such an exchange rate and the necessary easing of currency restrictions. The NBU has approved the relevant Strategy, thus fully and timely fulfilling the conditions of this Benchmark.

More details: On June 29, 2023, the NBU Board approved the Strategy for easing currency restrictions, moving to greater exchange rate flexibility, and returning to inflation targeting. The public version of the Strategy was [published on](#) July 7. At the same time, the IMF has not set any deadlines for the implementation of this Strategy. The implementation of the strategy depends on whether macroeconomic conditions are favorable for the gradual removal of restrictions and the transition to a flexible exchange rate and inflation targeting.

The NBU is now gradually working on this and is removing currency restrictions in stages. For example, on October 3, the NBU switched to a regime of managed hryvnia flexibility, which is an intermediate stage between a fixed exchange rate and full flexibility.

**BENCHMARK 7 Restoration of pre-war taxation**

(deadline — end of July 2023)

Sector: fiscal sector

Status: not completed (completed with a delay)

Back in December 2022, the Ukrainian authorities promised to abolish the 2% tax for individual entrepreneurs, resume documentary inspections, and return penalties for violations of the use of cash registers. This step was supposed to increase the budget's own revenues. This was and still is important given the unprecedentedly large wartime budget deficit, which is currently being covered by foreign aid and loans. However, even foreign aid is not enough, and more resources are needed to finance the state's defense capabilities.

At the end of June 2023, the Verkhovna Rada adopted the relevant [draft law](#). However, this law returned inspections only for manufacturers of excisable goods, gambling, and financial companies. Other businesses could operate without inspections. IMF representatives were not satisfied with this: the Fund [said they were](#) waiting for a new law to be passed on the resumption of tax audits.

On November 9, the Parliament adopted in the second reading the [draft law No. 10016-d](#) with an expanded range of taxpayers who may be subject to documentary scheduled audits starting from December 1, 2023. At the same time, the President of Ukraine signed [Law No. 3453-IX](#) only in early December, so it came into force on January 08, 2023.



BENCHMARK 8 Corporate governance reform of the GTS Operator: transfer the GTSO shareholding to the Ministry of Energy and adopt the new charter (deadline - end of July 2023)

Sector: energy/corporate governance

Status: not completed (completed with a delay)

The implementation of the benchmark will create a more transparent and efficient model for managing Ukraine's gas transmission system.

On July 28, 2023, the Verkhovna Rada [adopted](#) Law No. 3293-IX, which provides for the transfer of the corporate rights of LLC "Ukrainian Gas TSO" (GTSOU) to the management of the state represented by the Ministry of Energy of Ukraine. The law also obliges the appointment of an independent supervisory board of the GTSOU, which in turn will be responsible for appointing the head and members of the executive body of the Operator.

The first part of the benchmark was completed on September 22, when the Cabinet of Ministers [transferred the](#) corporate rights of GTSOU to the Ministry of Energy.

A month later, on October 27, JSC "Mahistralni Gazoprovody Ukrainy", which was the parent company of the GTSOU, was liquidated. The termination of the company is one of the steps towards the corporate reform of the GTS Operator and the transition to the target model of a single company.

The second part was completed only at the end of October, when the Ministry of Energy approved the updated GTSOU charter agreed with the Energy Community Secretariat. The document [appeared](#) on the company's website on October 31.

Thus, the benchmark was completed only by the end of October, three months late.

BENCHMARK 9 Restoration of declaration by officials

(deadline — end of July 2023)

Sector: governance/anti-corruption

Status: not completed (completed with a delay)

One of the important steps on the way to returning to pre-war anti-corruption policies and procedures was to restore asset declarations by public officials.

In September 2023, the parliament passed a [bill](#) stipulating that the register of declarations would remain closed for another year. Declarants could voluntarily open their data for public access. The public and international partners reacted negatively to this news. As a result, the President of Ukraine vetoed the law and submitted his own proposals, which opened the register of declarations immediately.

On September 20, 2023, the Parliament reconsidered the above-mentioned draft law and adopted it with the President's proposals. [Law No. 3384-IX entered into](#) force on October 12, 2023. On December 10, 2023, the National Agency on Corruption Prevention [announced the](#) opening of public access to the Register of Declarations.



BENCHMARK #10 Resumption of medium-term budget planning, development of a debt strategy, and limitation of risks under state guarantees (end of September 2023)

Sector: fiscal sector **Status:** completed on time

In July, the Parliament adopted the necessary [amendments to the Budget Code \(BCU\)](#) to increase the predictability and predictability of fiscal policy in the medium term.

The government has already presented some indicators and targets for the three-year perspective in the materials for the draft State Budget for 2024. In the spring, the government promised to adopt the Budget Declaration for 2025-2027, which should reflect the priorities of budget expenditures and the vision of the government's strategy in general.

In accordance with this benchmark, the government was supposed to adopt a Medium-Term Public Debt Management Strategy by the end of October 2023, which was done (corresponding to benchmark 12). Such a step is extremely important, as during the full-scale war, the level of public and publicly guaranteed debt increased from 50% of GDP to almost 80% of GDP and will continue to grow. This is an unsustainable level for countries with not very strong institutions, but in Ukraine it is caused by the need to borrow for economic stability.

The Budget Code also removed guarantees provided by the government for projects financed by international financial organizations (IFIs) from the budget rules. Previously, this provision limited the government's ability to receive funds from IFIs. Now, the absence of the restriction will allow the government to increase borrowing for reconstruction and recovery projects, as there is a lack of domestic sources of funding.



BENCHMARK #11 Submission of the medium-term budget forecast and fiscal risk report in the documents for the draft State Budget for 2024 (end of September 2023)

Industry: fiscal sector

Status: completed on time

The steps outlined in the benchmark are intended to increase the predictability and resilience of the fiscal system.

On September 15, 2023, the government submitted to Parliament a [draft law](#) on the State Budget for 2024 with a long list of explanatory documents. The package, in particular, contained the following documents:

- planned KPIs of budget programs in 2022-2026;
- forecasts of budgetary and macroeconomic indicators for 2025-2026, and priority goals of fiscal policy;
- maximum expenditures for the period 2022-2026

The documents also contained a report assessing the impact of macroeconomic risks and risks of state-owned enterprises on the budget situation. For example, the government assessed the impact of three macroeconomic scenarios on the operations of major state-owned enterprises, including Naftogaz, Energoatom, Ukrenergo, and Ukrhydroenergo.



BENCHMARK 12 **Strengthening the financial monitoring of politically exposed persons (PEPs)** (deadline — end of September 2023)

Sector: governance/anti-corruption

Status: not completed (completed with a delay)

In the Memorandum with the IMF, the Ukrainian side promised to resume enhanced financial monitoring of top officials (politically exposed persons, PEPs) in accordance with [FATF](#) standards. This step "should ensure a more effective fight against money laundering."

As a reminder, on November 19, 2022, [amendments](#) to the [law on financial monitoring](#) came into force, which reduced the term of the status of a politically exposed person (PEP) from lifetime to 3 years after leaving office. Thus, financial institutions had the right to conduct enhanced financial monitoring of PEPs only for 3 years after their dismissal. The adopted changes were [not in line](#) with international anti-money laundering standards.

Therefore, on October 17, 2023, the Verkhovna Rada adopted a [bill](#) that effectively restores the lifetime status of a politically exposed person (PEP). At the same time, it increases the liability of banks for unreasonable refusal to provide financial services to users. [Law No. 3419-IX came into](#) force on October 29, 2023.

**Politically exposed persons are persons who perform or have performed significant public functions in Ukraine. The full list of such positions is defined in Article 1 of the [Law on Financial Monitoring](#).*

**BENCHMARK 13** Strengthening banking supervision (end of September 2023)**Sector:** financial sector**Status:** completed on time

The implementation of the benchmark will bring banking supervision in Ukraine in line with the EU directives. This is necessary to bring Ukraine closer to EU accession. The NBU fully and timely fulfilled the relevant requirements.

Point I: On April 21, 2023, the National Bank of Ukraine [separated the Department for](#) Monitoring of Related Parties and the Department for Integrated Banking Supervision.

Point II: The NBU has introduced supervisory panels without publicly communicating this. Supervisory panels are supposed to advise the Supervisory Committee on issues and additionally independently analyze its decisions, facilitate horizontal communications between stakeholders, and highlight particularly important issues.

Point III: On July 29, 2023, the NBU [resumed](#) scheduled on-site inspections of banks and non-bank institutions in a remote format in order not to expose its employees to danger.

**BENCHMARK 14 Tax and Custom Services to prepare a reform plan**

(end of October 2023)

Sector: fiscal sector

Status: completed on time

The State Tax Service (STS) and the State Customs Service (SCS) are important implementers of the upcoming National Revenue Strategy (see Benchmark 20). To ensure that the National Revenue Strategy is coherent and consistent, the IMF program added a structural Benchmark to develop reform plans for both services.

The STS and the SMS had to prepare action plans by the end of October, which will be further integrated into the overall National Revenue Strategy (see Benchmark 20). On October 23-27, representatives of the STS and the SMS met with the IMF to discuss the progress. The second review of the IMF program revealed that this benchmark was met on time and in full.

More details: On October 23, the STS [announced that it](#) would participate in the IMF technical mission together with the SMS to continue working on its reform plans. On October 31, following the meeting, the STS [announced](#) progress in fulfilling the task.

The State Tax Service and the State Migration Service are systemically important institutions not only for filling the budget, but also for shaping the attitude of business and citizens to the state. [Studies show a](#) low level of trust in the activities of fiscal authorities. The low level of trust is mainly due to non-transparency, slow customs clearance, and corruption. At the same time, the trust index has remained low since the beginning of the invasion, unlike many other institutions. Numerous attempts to reform these bodies by previous governments have not resulted in sustainable positive changes.



BENCHMARK #15 Revision and publication of the Medium-Term Public Debt Management Strategy (end of October 2023)

Industry: fiscal sector

Status: completed on time

The medium-term strategy for public debt management will increase the transparency and predictability of fiscal policy and optimize the structure of public debt.

In accordance with the amendments to the Budget Code (see Benchmarks #2 and #10), the government had to update the Medium-Term Public Debt Management Strategy. Public debt and publicly guaranteed debt to GDP has already increased from 50% at the end of 2021 to about 80% at the end of 2022 and may exceed 100% of GDP in 2024. Therefore, a clear Strategy should provide the necessary predictability of the government's debt policy.

A challenge for the preparation of the Strategy is the need to restructure the public debt in 2024, which is only at the initial stage of negotiations.

On October 27, the Ministry of Finance adopted a separate [Strategy](#), which clearly plans to conduct a public debt management operation and intends to adopt an updated Strategy afterwards. The document states that the Ministry of Finance plans these steps in order to: "(i) gradually restoring Ukraine's debt sustainability, (ii) preserving liquidity and reducing the state budget deficit during the IMF program period, and (iii) creating the necessary conditions for the commercial sector to participate in the post-war reconstruction of Ukraine to restore Ukraine's market access as soon as possible."



BENCHMARK 16 Simplification of the system of declaration of public officials (deadline — end of October 2023)

Sector: governance/anti-corruption

Status: completed

In addition to restoring asset declarations by public officials (Benchmark 9), the Ukrainian side promised to improve the declaration system. The changes should allow officials to automatically fill in information from other related databases and registries.

[The draft law on the renewal of the](#) declaration process, adopted in September 2023, stipulates that the NACP will provide access to and automatic transfer of data from other registers and databases to the declaration form. At the same time, the function of automatically filling in the available data does not relieve the declarant of the obligation to indicate in the declaration all the information known to him or her, even if it is not available in other databases.

[Law No. 3384-IX](#) came into force on October 12, 2023.

**BENCHMARK #18 Better Public Investment Management**

(end of December 2023)

Industry: fiscal sector

Status: completed on time

Improving the quality of public investment management (PIM) will allow for more economical and efficient use of public funds in the context of limited budgetary resources. One of the steps should be the unification of PIM approaches and the competitive selection of projects for budget financing.

According to the World Bank, in February 2023, Ukraine's reconstruction will require \$411 billion. US DOLLARS. Private business should become one of the most important sources of financing for reconstruction. An important tool for attracting companies will be public-private partnerships (PPPs), which, unfortunately, are not yet working in Ukraine. Revising approaches to PPPs could help.

Accordingly, to change approaches to PIM, in December, the CMU adopted a draft [Roadmap for Public Investment Management Reform by a](#) protocol decision, which is intended to "create a context, vision of the basic principles and directions for building an integrated, sustainable and effective public investment management system that ensures planning of investment projects based on strategic priorities and a medium-term budgetary framework, their selection in accordance with unified and transparent procedures and clear criteria, and implementation of

In fact, this framework document envisages the creation of a targeted OGP model that meets the reconstruction principles developed by RRR4U: prioritization, sustainability, efficiency and effectiveness, transparency and accountability.



BENCHMARK 17 **Corporate governance reform of the GTS** **Operator:**
appointment of a Supervisory Board (end of October 2023)

Sector: energy/corporate governance

Status: completed on time

The implementation of the benchmark is important for the corporate governance reform of state-owned enterprises. Supervisory boards should eliminate the "manual control" regime in state-owned companies. This helps to transform state-owned enterprises into transparent, efficient, competitive companies that are able to attract investment and generate profits.

The benchmark can be considered a logical continuation of Benchmark No. 8 on the introduction of a single company to manage the gas TSO of Ukraine. On October 31, the Government [approved the](#) company's Supervisory Board: three independent members and one state representative, completing this benchmark in time. At the same time, the issue of appointing another state representative to form a full 5-member board remains.

According to the [Charter](#), the Supervisory Board of GTSOU should consist of five members, three of whom should be independent. As of mid-January, 5 members have not been appointed and there are no governmental statements on this matter. In turn, it was [reported](#) that Prime Minister Denys Shmyhal was promoting the candidacy of Viktor Pynzenyk for the position of state representative in the supervisory board of GTSOU, who previously held the same position in the supervisory board of JSC "Mahistralni Gazoprovody Ukrainy".

Thus, the benchmark is considered to be fulfilled, but the Government should keep in mind the quality of such fulfillment and appoint 5 members of the Supervisory Board of GTSOU.



BENCHMARK 19 Approval of the National Revenue Strategy by the end of 2023 (end of December 2023)

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Sector: fiscal sector

Status: completed on time

Details:

In the context of a full-scale war, Ukraine finances half of its state budget expenditures with foreign aid. This situation is not sustainable, and this dependence must be gradually eliminated. The National Revenue Strategy aims to create conditions for increasing domestic budget revenues. To do this, Ukraine needs to strengthen its ability to collect tax and customs revenues.

The strategy includes the following measures mentioned in the IMF program:

- strengthening the tax and customs authorities;
- closing the possibility to use the simplified taxation system instead of official employment of full-time employees;
- bringing VAT and excise taxes in line with EU legislation;

- strengthening anti-corruption measures;
- reforms in the tax system.

On December 27, 2023, the [government approved](#) the National Revenue Strategy, meeting the conditions for the IMF program's Benchmark to be activated. The adopted Strategy does not mention the reform of the Bureau of Economic Security, although the IMF program envisaged the inclusion of relevant proposals in the Strategy.

**BENCHMARK 20 Enhancing the institutional independence of the SAPO**

(deadline - end of December 2023)

Sector: governance/anti-corruption

Status: completed

In the Memorandum with the IMF, the Ukrainian side indicated its intention to strengthen the effectiveness of anti-corruption institutions. The changes should also affect the Specialized Anti-Corruption Prosecutor's Office (SAPO). On September 15, to fulfill the benchmark, the government submitted to the Verkhovna Rada [draft law №10060](#), which meets the requirements of the IMF and the EU and is aimed at:

- improving the procedure for competitive selection of SAPO heads and prosecutors;
- strengthening the SAPO's ability to regulate its own organizational structure and activities;
- clarifying the powers of the head of the SAPO;
- creation of a Specialized Disciplinary Commission of SAPO prosecutors;
- conducting regular audits of SAPO activities with the participation of external experts with international experience.

On December 08, 2023, Ukraine's parliament adopted the above draft law. The [law](#) came into force on January 1, 2024.

**BENCHMARK 21** Amendments to the budget to create new revenue sources

(end of February 2024)

Sector: fiscal sector**Status:** completed on time

Financing defense and mobilizing its own tax and non-tax revenues remains one of the most important items on the fiscal agenda. Based on the conclusions of the Revenue Working Group established in December 2023, the government was to prepare short-term measures to increase revenues by at least 0.5 percent of GDP, with the aim of amending the 2024 budget as necessary.

The measures proposed by the Ministry of Finance to mobilize additional revenues are expected to increase budget revenues by UAH 44.2 billion. The measures include an increase in revenues from military and excise duties, and the introduction of monthly advance payments of income tax by companies engaged in fuel retailing.

The Ministry of Finance [expected](#) that by the end of the first quarter of 2024, the necessary draft laws will be submitted to the Cabinet of Ministers and considered by the Verkhovna Rada. However, the issue of tax increases was postponed until July, when a new draft law with a larger tax increase was proposed.



BENCHMARK #22 Concept note on the 5-7-9 program for greater support to SMEs (initially end of September 2023, postponed to end of March 2024)

Industry: fiscal sector

Status: completed (completed with a delay because the deadline was postponed)

Limited budgetary funding requires a review and conditional streamlining of the 5-7-9% loan program for businesses.

Initially, in 2020, the program "Affordable Loans 5-7-9%" was created to support small and medium-sized enterprises (SMEs) for which conventional bank loans were not available. Such loans were also issued for investment and startup support. After the full-scale invasion began, working capital coverage was added to the program and expanded to large companies. In fact, in 2022, the program became the main tool for business support and a "lifeline" for individual companies. In some banks, 80-90% of loans were issued under this program.

At the same time, due to the limited amount of funds in the budget, there is a need to return the program to supporting SMEs. Instead, in September, the government expanded the 5-7-9% program, which contradicts its commitment under the IMF Memorandum. For example, the government allowed companies in the energy efficiency and recycling sectors to use affordable loans. In addition, the maximum term of the program was increased to 10 years, and the program limit was raised to UAH 150 million, which is important for large companies.

In December 2023, the [government adopted amendments](#) to the decree on providing support under this program, narrowing the provision of compensation for investment projects and working capital for non-priority sectors to small and medium-sized enterprises only (for working capital in priority sectors, large companies can still receive support).

In March 2024, the government submitted a concept for the 5-7-9 program to the IMF, but it has not been made public or officially approved.

**BENCHMARK 23** Rebooting the Bureau of Economic Security (BES)

(end of June 2024)

Sector: fiscal sector**Status:** completed on time

Ukraine should adopt a new law on the BES, which should provide it with clear powers to investigate major economic crimes in line with best practices, and create a legal framework for the BES to select its management and staff. The law should respect the existing division of investigative powers between the BES and the NABU.

The new legislation will pave the way for the renewal of the BES management and detectives through transparent competitions. This will give the bureau a chance to turn into an effective body that will prevent economic crimes and schemes that cause budget losses.

On June 20, the Verkhovna Rada passes Bill 10439, the text of which is in line with the requirements of international partners. On June 28, it is signed by the President.

Next, it is necessary to select a professional, independent head of the BES and begin the process of reforming the institution. The law provides for a change of leadership and re-certification of all BES employees. The head will be selected by a six-member commission, three of whom will be appointed by international experts and three by the Cabinet of Ministers.

**BENCHMARK 24** Revision of tax privileges

(end of September 2024, postponed from the end of July)

Sector: fiscal sector

Status: in progress

The revision of tax privileges should be a step towards broadening the domestic revenue base without raising tax rates. By the end of September 2024, the government should estimate the losses from all tax privileges and propose measures to help reduce budget losses due to preferential taxation.

This step will help Ukraine increase its ability to raise domestic revenues, which is a crucial task given the need to ensure high defense spending and the expected decline in international support for Ukraine.

**BENCHMARK #25** Estimation of fiscal and quasi-fiscal losses from SOEs

(end of September 2024)

Industry: fiscal sector**Status:** in progress

Ukraine has a large number of state-owned enterprises, which sometimes create fiscal risks, but also fiscal and quasi-fiscal losses. An important reason for the deterioration in the financial condition of SOEs was the full-scale war. However, this is partly due to the government's policy (in particular, refraining from raising tariffs for electricity, natural gas, and other utilities for households). To cover the financial gaps, large SOEs either accumulate debts, which can then be covered by direct transfers from the state budget or by new borrowings from international official partners or IFIs. The latter, ceteris paribus, could be directed to the budget to finance urgent expenditures. SOEs' borrowings are guaranteed by the state, and therefore, in case of problems, the debt falls on the state.

That is why it is important to monitor the current financial situation of state-owned enterprises and conduct stress testing. This is exactly the kind of analysis and assessment that should be carried out within the framework of this structural Benchmark for large SOEs that are most affected by a full-scale war. The results should be reflected in the fiscal risk report prepared annually by the Ministry of Finance as part of the budget process.

**BENCHMARK #26** Medium-term budget planning: analysis and update

(end of October 2024)

Industry: fiscal sector**Status:** in progress

The resumption of medium-term budget planning was among the important areas of changes in the already implemented structural Benchmarks. Thus, medium-term forecasts of expenditures and revenues and a report on fiscal risks were submitted as additional materials to the draft State Budget for 2024. Medium-term budget planning increases sustainability by ensuring a predictable budget policy.

That is why, with the help of IMF experts, the government plans to analyze its experience in preparing the Budget Declaration (not very rich, since only one Budget Declaration has been adopted).

The diagnostic assessment will be the basis for the preparation of the Budget Declaration for 2026-2028. It is intended to slightly change the approach to preparing for the bottom-up public finance management process to reflect a larger share of expenditures and losses on public service financing.

The analysis will also include the process of preparing the Budget Declaration for 2025-2027, which the CMU adopted on June 28, 2024 with a delay (according to the Budget Code, it was supposed to be done by June 1).



BENCHMARK #27 Enactment of amendments to the Customs Code of Ukraine in accordance with the best international practices

(end of October 2024)

Industry: fiscal sector

Status: in progress

Today, business identifies customs issues as problematic, and experts often describe the work of the State Customs Service as inefficient. Various shortcomings in both legislation and practice lead to smuggling and minimization of customs value, which means a loss of budget revenues that are essential for financing defense and security.

That is why it has been determined that by the end of October, the Parliament should adopt amendments to the Customs Code, which should also come into force by that date. As stated in the Memorandum, these changes should be harmonized with the EU norms. The State Customs Service should continue to be subordinated to the Ministry of Finance. Since businesses often complain about corruption in the SMS, one of the areas of change should be to strengthen the integrity of the staff and introduce a process of selecting management based on a transparent competition with the participation of international experts. It is also noted that other reforms in 2024 include (i) modernization of the framework conditions for bringing to administrative responsibility for violation of customs rules and (ii) development of criteria for assessing the impact of the Anti-Corruption Program of the SCS.

Today, two draft laws have been registered in the Parliament, which together mostly comply with the above provisions: [No. 10411](#) (tabled for second reading on 22.07.2024) and [No. 6490-d](#) (adopted as a basis on 11.04.2023).



BENCHMARK #28 Determining the link between the Budget Declaration and capital expenditures

(end of December 2024)

Industry: fiscal sector

Status: in progress

This benchmark is actually a continuation of steps to improve the efficiency of public investment management, the roadmap for reforming which was adopted to implement Structural benchmark 19.

Given the need to finance the reconstruction, the government is expected to adopt a resolution that will provide for a clear link between medium-term budget planning and recovery priorities. The Ministry of Finance should play a key role in this process (which is actually a response to the confrontation between the Ministry of Finance and the Ministry of Reconstruction that actually occurred in the fourth quarter of 2023).

It also identifies the important role of coordination between the Ministry of Finance and line ministries responsible for the implementation of investment projects in the public sphere.



BENCHMARK No. 29 Systemic state-owned banks fall under the jurisdiction of the Ministry of Finance. Non-systemic state-owned banks are not recapitalized at the expense of the state.

(permanent)

Industry: financial sector

Status: completed on time

Ukrainian state represented by the Cabinet of Ministers is the registered owner of the three publicly owned banks (Oschadbank, Ukreximbank, and Privatbank). Ukrgasbank and Sens Bank are owned by Ukrainian state as represented by the Ministry of Finance. In practice, the Ministry of Finance acts as the shareholder of all state-owned banks, although the Government formally takes key decisions upon the proposal of the Ministry of Finance.

During the war, Sens Bank (formerly Alfa) and PINbank (First Investment Bank) were nationalized. Sense Bank was sold to the state for UAH 1 by the DGF as part of the bank resolution procedure due to sanctions against its owners. On January 17, 2024, 89% of PINBank's shares were registered to the state, represented by the State Property Fund, based on a decision of the HACC that came into force in March 2023.

Currently, the benchmark is fulfilled: all state-owned banks except PINbank are systemic banks and the Ministry of Finance is responsible for their management either directly or through government decisions developed by the Ministry of Finance. PINbank does not need public funds. It remains under the management of the SPFU, which is currently preparing the bank for privatization. As the Benchmark is permanent, the status of its implementation may change in the future.

**BENCHMARK 30** Preparing the framework for bank rehabilitation

(end of December 2024)

Sector: financial sector

Status: in progress

The Deposit Guarantee Fund (DGF), the Ministry of Finance, and the NBU should prepare a framework for the rehabilitation of the banking system.

The framework for bank rehabilitation will include: (i) mechanisms to support the DGF; (ii) measures to strengthen the banking system's operational readiness for unforeseen situations; (iii) improved procedures for bank resolution and early intervention measures; and (iv) alignment of the criteria for counterparty eligibility for NBU monetary policy operations and lender of last resort operations with international best practices.

As an interim step, the DGF and the NBU will prepare, in consultation with IFI stakeholders, (i) a diagnostic note by the end of February 2024 to assess the current infrastructure for resolving insolvent banks, including an analysis of current challenges; and (ii) based on the diagnostic, adopt a roadmap by the end of April 2024 that will set out a reform agenda to further strengthen the authorities' capacity to resolve and manage financial sector crises, in particular to address key gaps by the end of December 2024.

**BENCHMARK 31** New methodology for risk assessment in supervision

(end of December 2024 (postponed from end of June))

Sector: financial sector

Status: in progress

The NBU is to introduce risk assessment methodologies for supervision in order to make informed decisions on supervisory priorities. The methodology will be applied to all banks, and a supervisory action plan will be prepared by the end of December 2024. While improving supervisory results, the NBU also plans to increase supervisory efficiency by improving the allocation of resources and processes by adjusting the organizational structure of banking supervision. This will be complemented by strengthening the professional capacity of banking supervision by developing the necessary professional profiles and introducing a multi-year training program for new employees.



BENCHMARK 32 Audit of the financial status of the district heating companies before and after February 2022 (deadline - end of October 2024)*

RRR4U

Sector: energy

Status: in progress

The benchmark will help determine the amount of debt and the financial condition of district heating companies (DHCs), including the reasons for the accumulation of debt before and after the start of the war, on the eve of the 2024/25 heating season. Thus, [according](#) to Naftogaz of Ukraine, as of February 21, 2022, the total overdue debt of DHCs and CHP plants to Naftogaz is 49.1 billion UAH (including 39.3 billion UAH for gas for heat production). At the beginning of the heating season in 2023, the state's debt on the difference in tariffs [amounted to](#) about 36 billion UAH, and according to preliminary [estimates, it](#) will exceed 54 billion UAH in 2024. At the same time, the debt of heat producers (heat supply companies, condominiums, housing cooperatives, and apartment building managers) for natural gas consumed as of April 25, 2024, amounts to 100.4 billion UAH, which is significantly higher than the difference in heat supply tariffs of 34.9 billion UAH, as confirmed by the protocols of territorial commissions. Therefore, the improvement of the financial condition of the heating companies primarily depends on the measures taken to repay the natural gas debts of these companies, which are not related to the difference in tariffs. Thus, the total amount of debt of the population for consumed utilities in the field of heat supply as of 01.03.2024 is 35.9 billion UAH.

In the [Letter of Intent](#) dated December 1, 2023, the Ukrainian side noted that DHCs had accumulated a significant amount of debt to Naftogaz before and after the war, which is a result of the accumulated difference in tariffs and the impact of the war. The issue will be resolved in a comprehensive manner when the war-related pressure on the budget is reduced by developing a new tariff methodology. However, the signatories (the President, the Prime Minister, the Minister of Finance, and the Governor of the NBU) also added that the amount of debt and the financial condition of the DHCs will be determined through a desk audit conducted by a reputable audit firm, which will distinguish between debt incurred before and after February 2022. In addition, based on the results of consultations with the IMF held pursuant to clause 6.1 of Minutes No. 64 of the meeting of the Cabinet of Ministers of Ukraine dated 06.06.2023, it was established that the sources for making settlements on the difference in tariffs should be budget-neutral for the State Budget of Ukraine and not violate the fiscal sustainability of the state, the preservation of which is one of the key priorities of the IMF Program.

* the deadline has been postponed from the end of June 2024



BENCHMARK 32 Audit of the financial status of the district heating companies before and after February 2022 (continued)

(deadline - end of October 2024)

Sector: energy

Status: in progress

At the end of December 2023, the Verkhovna Rada registered Draft [Law No. 10383](#) "On Amendments to the Law of Ukraine "On the State Budget of Ukraine for 2024" on Compensation of the Tariff Difference", which was developed, in particular, to address the problem of the debt of the DH companies. However, as of March 2024, the draft law is still under consideration, and the [expert opinion](#) of the Ministry of Finance does not support the adoption of this draft law.

In turn, on May 20, the Verkhovna Rada registered a [new draft Law](#) No. 11273 "On Amendments to Certain Laws of Ukraine on the Settlement of Accounts Payable of Heat, Water and Wastewater Companies" to clarify and specify certain provisions of legislative acts on the settlement of accounts payable of heat, water and wastewater companies. As of the end of June 2024, the draft law is under consideration.

The issue of auditing district heating companies is not new. Back in 2019, the government [instructed](#) the Ministry of Regional Development and the State Audit Service to audit all district heating companies to ensure that the cost of heat and water was fair. In January 2022, before the full-scale invasion began, the Cabinet of Ministers again [commissioned](#) an audit of the extent to which Naftogaz's activities (in particular, fixed-price contracts) subsidise gas prices for households and DH companies. From February to September 2023, the State Audit Service of Ukraine [inspected](#) a number of heat supply companies in different regions that are entitled to reimbursement of tariff differences from the budget and found that the amount of reimbursement of tariff differences was overstated by more than UAH 4 billion.

Taken together, the above information cannot indicate that the benchmark has been completed, which should reflect an accurate diagnosis of the problem of the DHCs' debts before the war and after February 2022, which will allow for a comprehensive settlement.

**BENCHMARK 33 Optimize and improve the efficiency of the HACC**

(deadline — end of April 2024 (postponed from end of March 2024))

Sector: governance/anti-corruption

Status: not completed (completed with a delay)

The need to implement the benchmark is due to the excessively long consideration of criminal proceedings by the High Anti-Corruption Court of Ukraine (HACC) due to the heavy workload of judges. To solve this problem, the Ukrainian side undertook to amend the legislation in terms of consideration of cases in the first instance by one anti-corruption judge or a panel of three anti-corruption judges.

In late March 2024, [Draft Law No. 11130](#) was submitted to the Parliament. According to the explanatory note, the draft law is aimed at improving the efficiency of court proceedings without violating procedural deadlines, and therefore proposes to allow the court to consider certain cases by a judge alone.

On April 24, 2024, the Verkhovna Rada adopted the draft law as a whole. It is envisaged that cases in the court of first instance will be heard by a single judge. At the same time, it is possible to consider cases by a panel of three judges only at the request of the accused in certain categories of crimes.



BENCHMARK 34 Complete the external audit of NABU and publish its report

(deadline — end of September 2024)

Sector: governance/anti-corruption

Status: in progress

The issue of conducting an external audit of the NABU has been on the Ukrainian agenda for quite some time. Both the International Monetary Fund and the European Commission have repeatedly pointed out the need for it. In the [Memorandum on Economic and Financial Policy of December 5, 2018, the](#) Ukrainian side promised to complete the external audit of the NABU by the end of July 2019. However, this promise was never realized.

As part of the current program, the Ukrainian side is to conduct an external audit of the NABU with the participation of three independent experts with international experience by the end of September 2024 and publish its report.

In mid-February 2024, NABU Director Semen Kryvonos [announced](#) that the audit process had already begun. In particular, the Government has sent the relevant letters to nominate candidates for the commission to review the bureau's activities.

The updated [Memorandum of June 17, 2024](#) states that the CMU is cooperating with international partners to appoint independent experts for the planned external audit of the NABU and will provide further support to this external audit commission, as necessary, once the external auditors are nominated and appointed.

Thus, there is not much time left to conduct the NABU audit, so efforts should be accelerated to ensure timely completion of the benchmark.



BENCHMARK 35 Abolish the “Lozovyi’s amendments” and allow the SAPO to manage extradition and mutual legal assistance requests

(deadline — end of October 2024)

Sector: governance/anti-corruption

Status: in progress

The updated [Memorandum of June 17, 2024](#) provides that in order to strengthen effective procedures for investigating corruption crimes, amendments to the Criminal Procedure Code will be introduced, in particular regarding:

- enabling the Prosecutor General to delegate to the SAPO the management of extradition and mutual legal assistance requests in connection with the investigation of corruption crimes;
- abolishing the mandatory closure of pre-trial investigations in connection with the expiration of the pre-trial investigation after the notification of suspicion (the so-called "Lozovyi's amendments");
- empowering the investigating judge, after the deadline has passed and at the request of the accused or victims, to promptly induce prosecutors to make a decision on the pre-trial investigation (either to close the proceedings or to complete the pre-trial investigation) or to dismiss the request.

The issue of repealing the “Lozovyi’s amendments” has long been on the Ukrainian agenda. However, in recent years, its resolution has been either postponed or partially considered. At the same time, our partners have also emphasized the need to repeal the “Lozovyi’s amendments”. The ambassadors of the Group of Seven (G7) countries in a [letter](#) dated November 2023 to the Speaker of the Verkhovna Rada noted the need to abolish the restrictions on the time limits for pre-trial investigation before the notification of suspicion in the Criminal Procedure Code "to prevent premature closure of cases". It is not surprising that the Memorandum with the IMF has been supplemented with such a benchmark.

** "Lozovyi's amendments" are a number of changes to the Commercial Procedure Code, the Civil Procedure Code, the Criminal Procedure Code, as well as the Code of Administrative Procedure of Ukraine and other regulatory acts proposed by MP Andriy Lozovyi.*



BENCHMARK 36 Create a new administrative court to replace the dissolved Kyiv District Administrative Court (deadline — end of July 2024)

Sector: governance/anti-corruption

Status: in progress

In December 2022, the Parliament liquidated the Kyiv District Administrative Court, which considered disputes involving central executive authorities. The KDAC's cases were to be transferred to the Kyiv District Administrative Court until a new Kyiv City Administrative Court was established.

However, the European Commission in its [Report](#) published in November 2023 noted that after the liquidation of the KDAC, access to justice in cases involving central authorities is deteriorating, as a new court has not yet been established and the court with temporary powers is overcrowded. Therefore, the EC, as well as the IMF, points to the need to create a new administrative court staffed by properly vetted judges.

Therefore, the Ukrainian government committed to adopt a law establishing a new court that will be proceeding administrative cases against national government agencies (e.g., NBU, NABU, NACP) by judges who have been duly vetted for professional competence and integrity, with the decisive and determining vote of independent experts with international experience.

At the end of March 2024, it became [known](#) that the CMU had drafted a bill on the High Administrative Court of Ukraine. However, as of mid-July 2024, the draft law has not yet been submitted to the Parliament.



BENCHMARK #37 Improving the management of state-owned enterprises

(end of October 2024 (postponed from end of August))

Field: corporate governance of SOEs

Status: in progress

For years, state-owned enterprises (SOEs) have been a source of inefficiency and fiscal risks. To improve efficiency, a corporate governance reform of SOEs was introduced but has not yet been completed.

In the Memorandum, the Ukrainian side indicated its intention to improve the efficiency of SOE management through further reform of SOE corporate governance in close cooperation with international partners, in particular:

- to adopt a law on corporate governance of SOEs (this refers to the [draft law No. 5593-d](#) on improving corporate governance, which was adopted as a basis in July 2021 and in [general](#) in February 2024;
- implementation of relevant bylaws;
- assessment of the financial condition and fiscal risks of state-owned enterprises in the state ownership policy by the end of March 2024 (as an intermediate step in the implementation of Structural Benchmark No. 28)
- As a **structural Benchmark, it is** envisaged to develop a comprehensive policy on state ownership and dividends, as well as a privatization strategy. It is likely that the privatization strategy will take into account past approaches to triage.

This is an important Benchmark, since today there is virtually no ownership policy, which prevents SOEs from operating efficiently. The share of dividends that should be allocated to the budget is determined each year based on the budget's needs rather than the need for SOEs to operate efficiently.

It should be added that the IMF does not support the idea voiced by Ukrainian politicians to create a state holding company that would unite all state-owned enterprises. [According to the](#) Fund's experts, this is premature given the financial and potential management risks.

Monitoring the implementation of Ukraine Plan indicators



completed
on time



completed
not on time



in
progress



not
completed



What to expect from the Ukraine Facility and the Ukraine Plan in Q3 2024?

What was done in July

- On July 16, the Ministry of Economy reported that **Ukraine had taken all the necessary steps to meet the indicators for the second quarter of 2024 envisaged by the Plan and sent a request for EUR 4.2 bn to the EU Commission on July 9.**
- In mid-July, the **EU Commission supported the allocation of almost EUR 4.2 bn to Ukraine.**
- On July 24, **EU ambassadors agreed on the first tranche of almost EUR 4.2 bn to support recovery, reconstruction and modernization.**

What to expect further

- The EU Council is to decide on the allocation of EUR 4.2 bn to Ukraine.
- After that, over the next two months, the **EU member states will have to approve the decision to provide the relevant funds.**
- The next **part of macro-financial support is due in September 2024.**

Expected funding under the Ukraine Plan 2024 (billion EUR)



The amount for the successful fulfilment of all indicators for Q4 2024 is not shown in the chart as Ukraine will actually receive the funds no earlier than in 2025



Map of implementation of the indicators of the Ukraine Plan for 2024

	II 2024	III 2024	IV 2024	I 2025	II 2025
Public Administration Reform				1.1	
Public Financial Management / Management of Public Assets	2.2 2.3 2.7 6.2		2.1 6.1	6.6	
Fight Against Corruption and money laundering / Judicial System	4.2	4.1 4.4 4.6	3.6	4.3 4.7	3.5 3.8
Business Environment / Human Capital	8.3	7.6 8.1	7.5 8.7	7.2 7.11	7.1 7.10 8.4
Energy Sector / Green Transition and Environmental Protection / Management of Critical Raw	10.1 10.15	10.8 15.1 15.10	10.2 10.10 13.1	13.5 15.2 15.5	10.4 13.3 13.4 15.6
Agri-food Sector / Transport	12.8		11.1 11.2 12.1 12.5	12.3 12.7	
Decentralisation and Regional Policy		9.5	9.6	9.1 9.4	9.2
Digital Transformation				14.1 14.2 14.3	
Financial Markets					5.4

- Completed
- Completed, but not on time
- In progress
- Not completed



Indicator 2.2. Approval of the digitalization plan of the State Customs Service

(second quarter of 2024)

Field of expertise: public finance management

Status: completed on time

In December 2023, the National Revenue Strategy (NRS) was approved, which envisages the adoption of a long-term National Strategic Plan for Digital Development, Digital Transformation and Digitalization of the State Customs Service (SCS). This plan should take into account the EU's Multi-Annual Strategic Plan for Customs (MASP-C), which is a management and planning tool that guides the development of electronic customs systems within the EU.

In accordance with this provision of the NDS, the Ministry of Finance approved the [Long-Term National Strategic Plan for Digital Development, Digital Transformation and Digitalization of the State Customs Service](#) in February 2024, which is earlier than the deadline set in the Plan of Ukraine.

The plan envisages steps until 2026, which include the development of functional and technical specifications for new electronic systems based on the EU best practices, implementation of the New Computerized Transit System (NCTS), introduction of cybersecurity principles, introduction of paperless procedures, and building reliable and modern customs IT systems.



Indicator 2.3. Adoption of the Budget Declaration for 2025-2027

(second quarter of 2024)

Field of expertise: public finance management

Status: in progress

The IMF program includes several structural pillars designed to restore medium-term budget planning in order to increase the predictability and predictability of fiscal policy in the medium term. Some of these Benchmarks have already been fulfilled, including the reintroduction of the legislation providing for the development of the Budget Declaration. Some of the structural Benchmarks are still to be implemented.

In accordance with the decisions already made, the government is now working on the development of the Budget Declaration for 2025-2027. The Ministry of Finance is responsible for the preparation of the Declaration and it will be based on the medium-term economic forecast developed by the Ministry of Economy.

The mid-term forecast and the Budget Declaration for 2025-2027 must be approved by the government.

According to the [Budget Code](#), the Ministry of Finance has to submit the Budget Declaration to the Cabinet of Ministers by May 15, and the government has to approve it no later than June 1. That is why the process of preparing the Declaration is already at the final stage.

The budget declaration was finally approved on June 28, 2024, the last business day of the quarter. This is likely due to the fact that a positive decision by the IMF Executive Board on the fourth review of the Program was expected. Thus, the macroeconomic indicators on which the budget indicators of the Declaration for 2025-2027 are based differ from the IMF's macroeconomic forecast. The budget declaration contains projected revenues, one of the components of which is an additional package of tax measures. As there is no certainty about the amount of international support, it remains limited, forcing the government to foresee cuts in almost all functions except defense in 2025, and in the next two years, defense as well. The expected rapid reduction in the deficit is unrealistic, and therefore, an increase in international assistance is urgently needed.



Indicator #2.7. Approval of the Action Plan for the implementation of the Roadmap for Public Investment Management Reform

(second quarter of 2024)

Field of expertise: public finance management

Status: completed

In fact, this is a continuation of the steps envisaged in the IMF program: Structural Adjustment 19 provided for the adoption of the [Roadmap for Reforming Public Investment Management](#), which the government approved in December 2023.

Improving the quality of public investment management (PIM) will allow for more economical and efficient use of public funds in the context of limited budgetary resources. One of the steps should be the unification of PIM approaches and the competitive selection of projects for budget financing.

We are currently developing an Action Plan for the implementation of the Roadmap. One of the elements of investment management should be the Electronic System for Responsible Reconstruction - DREAM.

[According to the available information, the](#) Action Plan for the Implementation of the IPO Reform Roadmap was adopted on June 18, 2024. However, the text of the Plan has not yet been made public.



Indicator 4.2. Appointment of a new head of the National Agency for on Corruption Prevention

(second quarter of 2024)

Sector: anti-corruption and money laundering

Status: completed on time

As part of this indicator, the Cabinet of Ministers of Ukraine had to announce and hold a competition for the position of the head of the National Agency on Corruption Prevention.

On November 13, 2023, the Cabinet of Ministers of Ukraine published an [announcement on the terms and conditions of the competition for the position of the](#) Head of the National Agency on Corruption Prevention (NACP) on its official website.

Based on the results of the competitive selection, Viktor Pavlushchyk was appointed as the Head of the National Agency on Corruption Prevention by the Order of the Cabinet of Ministers of Ukraine No. 162-r dated 27.02.2024.



Indicator 6.2. Entry into force of the Law on corporate governance of state-owned companies

(second quarter of 2024)

Industry: state asset management

Status: completed on time

In February, the Parliament passed a law improving corporate governance in Ukraine. In March, it was signed by the President and came into force on the day of its publication.

In fact, this was done earlier than envisaged in the Ukraine Plan, as the adoption of this law was one of the three conditions for receiving the World Bank's Policy Support Loan (PSL). Ukraine received the funds from the World Bank in March 2024.

According to the law, state-owned companies must have supervisory boards, whose powers and responsibilities have been clarified, and the government must develop a state ownership policy. The law also introduced compliance, risk management and internal audit mechanisms.

For strategic companies, the shareholder and the Ministry of Finance set requirements through waiting lists with indicators of profitability, liquidity, and solvency.

**Indicator 8.3. Enactment of legislation to revise the legal framework of the BES**

(second quarter of 2024)

Sector: business environment

Status: completed

Ukraine should adopt a new law on the BES, which should provide it with clear powers to investigate major economic crimes in line with best practices, and create a legal framework for the BES to select its management and staff. The law should respect the existing division of investigative powers between the BES and the NABU.

The new legislation will pave the way for the renewal of the BES management and detectives through transparent competitions. This will provide a chance to turn the bureau into an effective body that will prevent economic crimes and schemes that cause budget losses.

On June 20, the Verkhovna Rada passed Bill 10439, the text of which was agreed upon with the requirements of international partners. On June 28, the President signed it and the law came into force.

Next, it is necessary to select a professional, independent head of the BES and begin the process of reforming the institution. The law provides for a change of leadership and re-certification of all BES employees. The head will be selected by a six-member commission, three of whom will be appointed by international experts and three by the Cabinet of Ministers.



Indicator 10.1. Development and approval of the Integrated National Energy and Climate Plan
(Q2 2024)

Sector: energy

Status: completed on time

Within the scope of the implementation of the indicator, the Cabinet of Ministers should approve the Integrated National Energy and Climate Plan to set national climate neutrality targets and ensure proper planning.

On February 14, 2024, the [draft](#) National Energy and Climate Plan of Ukraine 2025-2030 (NECP) was published on the website of the Ministry of Economy. Public discussions were held during the month, and suggestions and comments on the draft document were collected. On March 4, the draft NECP was [presented](#) at a meeting of the High-Level Advisory Group (HLAG), on [March 15](#) - to local authorities, and on [May 14](#) - at a hearing of the Verkhovna Rada Committee on Environmental Policy and Nature Management. Additionally, on June 13, the NECP draft was [presented](#) at the International Conference on the Restoration of Ukraine (URC2024).

On June 25, the NECP was [approved](#) by a decree of the Cabinet of Ministers of Ukraine, and the text was [published](#) on the website of the Ministry of Economy.

The draft NECP was developed by the Ministry of Economy with the support of a group of experts from DiXi Group think tank and the Institute for Economics and Forecasting of the National Academy of Sciences of Ukraine, taking into account the experience of preparing similar documents by EU member states and Energy Community Contracting Parties, with the support of the British Embassy and the US Net Zero World initiative.



Indicator 10.15. Adoption of the Strategy for Thermal Modernisation of Buildings until 2050 and the Action Plan for its implementation

(Q2 2024)

Sector: energy

Status: completed on time

As part of the reform to improve energy efficiency in public buildings and improve public procurement procedures to meet energy efficiency requirements, the Strategy for Thermal Modernization of Buildings for the period up to 2050 and the Action Plan for its implementation are to be adopted.

In accordance with the Cabinet of Ministers' [Order](#) No. 1228-r dated December 29, 2023, the Strategy for Thermal Modernization of Ukrainian Buildings until 2050, the concept of the State Targeted Economic Program for Supporting Thermal Modernization of Buildings until 2030, and the Operational Action Plan for Implementation in 2024-2026, which sets out a long-term plan for the gradual renovation of the Ukrainian building stock with regard to energy-saving technologies, were approved.

Thus, the indicator is fully completed.

**Indicator 12.8. Adoption of a mine action strategy until 2033 and a system for prioritizing areas to be demined**

(second quarter of 2024)

Industry: agri-food sector

Status: in progress

The Plan of Ukraine provides for the approval of a strategic document on mine action for the period up to 2033, as well as a system (criteria) for prioritizing territories to be demined in view of their economic, social, and security importance. Appropriate regulation is extremely important, as much of Ukraine's land has been mined and needs to be demined. Therefore, economic recovery in the de-occupied territories begins with demining. At the same time, according to the Ministry of Economy, Ukraine lacks demining machines and equipment, which makes it important to prioritize the areas to be demined. Clear criteria and transparent mechanisms will reduce corruption risks and help achieve greater economic benefits from demining.

In February 2024, the Ministry of Defense announced that the National Mine Action Authority had approved the [draft](#) National Mine Action Strategy until 2033. The document was sent for approval by the National Security and Defense Council.

In March, the Ministry of Economy announced the start of work on the [Operational Plan for the](#) implementation of this strategy until 2026.

Although it was initially planned to adopt the Mine Action Strategy by a decision of the NSDC and, accordingly, its approval by a Presidential Decree, the Mine Action Strategy until 2033 and its operational plan for 2024-2026 were eventually adopted by a [CMU Resolution on](#) June 28, 2024.



Indicator 4.1. Increase in the number of employees of the Specialized Anti-Corruption Prosecutor's Office
(third quarter of 2024)

Sector: anti-corruption and money laundering

Status: completed on time

As part of this indicator, the Specialized Anti-Corruption Prosecutor's Office should have been given the opportunity to increase the number of employees from 10% to at least 15% of the number of employees of the National Anti-Corruption Bureau.

To meet this indicator, the Verkhovna Rada of Ukraine adopted Draft Law No. [10060](#) of 08.12.2023, which stipulates that the total number of employees of the Specialized Anti-Corruption Prosecutor's Office shall be 15 percent of the statutory maximum number of central and territorial departments of the National Anti-Corruption Bureau of Ukraine.



Indicator 4.4. Amendments to the Criminal Code and the Criminal Procedure

Code enter into force

(third quarter of 2024)

Sector: anti-corruption and money laundering

Status: in progress

As part of this indicator, several laws should be adopted to improve the procedure for plea bargaining, change the calculation of pre-trial investigation timeframes, and allow for a single HACC judge to hear individual cases instead of a panel.

To implement this indicator, the Verkhovna Rada of Ukraine adopted 2 draft laws - No. [11130](#) on one-on-one consideration and No. [10060](#) on the peculiarities of calculating the pre-trial investigation timeframe. The next step is a draft law to improve the procedure for concluding agreements with the investigation. The essence of these changes, according to [government officials, will be to give](#) more discretion to the prosecution and the court in choosing the type and (or) amount of punishment imposed on the basis of the agreement. Corrupt officials could be given the right to enter into a plea agreement on the condition that they repent, make restitution, and testify about other known crimes and accomplices, thus exposing them. In this way, large schemes and their organizers could be exposed.

On June 14, the Cabinet of Ministers submitted to the Parliament draft law No. [11340](#) "On Amendments to the Criminal Code of Ukraine and the Criminal Procedure Code of Ukraine to Improve the Efficiency of Plea Bargaining," followed by two alternative drafts, No. [11340-1](#) and No. [11340-2](#). The Main Committee determined the government's draft law to be the one to be submitted to the session hall for consideration.

On July 18, the Parliament adopted as a basis the draft law No. [11340](#) on improving the institution of plea bargaining, but the draft law was widely criticized by both Ukrainian civil society and some institutions ([NABU](#), [SAPO](#), and [others](#)). The Verkhovna Rada [Committee on Anti-Corruption Policy](#) also pointed out the presence of a corruption factor in its expert opinion.

In its current format, the draft law creates corruption risks because it contains a provision that allows for the possibility of imposing a fine as a result of the agreement (even if this penalty is not specified in the sanction of the article) without the requirement to expose accomplices and compensate for damages. In fact, it allows to pay off responsibility for the crime. However, MPs assure that the draft law will be finalized before the second reading, which will eliminate the inherent corruption risks.



Indicator 4.6. Approval of the action plan for the implementation of the Asset Recovery Strategy for 2023-2025

(third quarter of 2024)

Sector: anti-corruption and money laundering

Status: in progress

As part of this indicator, the Cabinet of Ministers of Ukraine had to adopt and publish an Action Plan for the Implementation of the Asset Recovery Strategy for 2023-2025.

To this end, the Cabinet of Ministers has set up an Interagency Working Group to prepare proposals for the implementation of the Asset Recovery Strategy for 2023-2025.

The relevant [Resolution](#) No. 1252 of November 17, 2023 entered into force on December 5.

ARMA finalized the draft order and sent the agreed draft by letter dated 04.06.2024 for submission to the Government.

This was preceded by the work of ARMA and other stakeholders in developing the Plan. The drafting period was affected by the need to involve additional stakeholders based on the results of a legal review conducted by the Ministry of Justice of Ukraine - the Administration of the State Border Guard Service of Ukraine, the Administration of the State Service of Special Communications and Information Protection of Ukraine, the Supreme Court, the NBU, the NSSMC, the SJA, the HACC, and the SAPO.

Work is currently underway to approve the relevant action plan.



**Indicator 7.6. Adoption of a comprehensive Strategy
for Demographic Development until 2040**

(third quarter of 2024)

Sector: human capital

Status: in progress

The project identifies the causes of the extremely tense demographic situation in Ukraine and states its deterioration as a result of the armed aggression of the Russian Federation against Ukraine and the temporary occupation of part of the territory of Ukraine.

The draft document is available on the website of the Ministry of Social Policy of Ukraine [here](#).

The main challenges and threats to Ukraine's development are as follows: rapid population decline, low birth rate, deteriorating health status of the population, growing number of people with disabilities, high premature mortality, massive forced emigration, illegal export of Ukrainian citizens abroad and large-scale internal displacement.

The goal of the Strategy is to ensure the long-term reproduction of Ukraine's population, including in adverse conditions (wars, epidemics, poverty, economic crises, environmental and man-made disasters), and the ability of people to adapt to changes while maintaining and/or improving key socio-demographic characteristics.

**Indicator 8.1. Adoption of the Deregulation Action Plan**

(Q3 2024)

Sector: business environment

Status: in progress

Under the indicator the Government needs to approve the Deregulation Plan (to replace the existing Plan). It is about reducing the number of regulations and supervisory functions, and making inspections more risk-oriented.

However, it is not specified how these efforts will interact with the already adopted deregulation documents, as well as with the efforts to harmonize Ukrainian legislation with the EU, which may involve maintaining or expanding the control functions of the state.

The State Regulatory Service has prepared draft amendments to the Deregulation Plan, which as of April were [under the review](#) by the Ministries and other executive bodies. The Ministry of Economy was working on harmonizing proposals to the draft. The status of work in May-July is not yet known.



Indicator 9.5. Entry into force of legislation amending the State Strategy for Regional Development for 2021-2027

(third quarter of 2024)

Area of expertise: decentralization and regional policy

Status: in progress

In 2020, the CMU adopted the [State Regional Development Strategy](#) (SRDS) for 2021-2027. However, due to the full-scale war, the issue of updating it has become urgent: Ukraine has lost part of its territory, some towns and villages have been destroyed, and infrastructure and housing facilities throughout Ukraine have been damaged or destroyed. About 6 million people became refugees, and the number of IDPs is about 5 million.

These challenges should be taken into account in the updated SFRD, which the Ministry of Recovery was developing with experts in the second half of 2023. The draft of the updated SFRD was [presented](#) in December 2023 and later finalized. Therefore, it is expected to be approved by the government in the near future. However, while the Ministry of Recovery started working on the development of an action [plan for](#) the Strategy in April, the continuation of this work is still at risk.

Thus, today there is a risk to the timely adoption of legislation on the SFDRR, given the announced division of the Ministry of Infrastructure into two separate ministries: The Ministry of Infrastructure and the Ministry of Regional Development. Although the final decision on the division of the Ministry has not yet been made.



Indicator 10.8. Implementation of the REMIT Law
(Q3 2024)

Sector: energy

Status: in progress

As part of the implementation of the electricity market reform, the NEURC should approve secondary legislation to implement Regulation (EU) No. 1227/2011 on wholesale energy market integrity and transparency (REMIT) no later than the third quarter of 2024. The transposition of the main provisions took place in June 2023 through the adoption of Law No. 3141-IX (REMIT Law).

Thus, the NEURC has already approved the following procedures and requirements:

- [Procedure for](#) Acquiring, Suspending and Terminating the Status of a Data Transmission Administrator (Resolution No. 2613 of 27.12.2023);
- [The Procedure for the](#) Functioning of Insider Information Platforms (Resolution No. 137 of January 16, 2024);
- [Requirements](#) for ensuring integrity and transparency in the wholesale energy market (Resolution No. 614 of 27.03.2024);
- [The Procedure for](#) Submitting Information on Economic and Commercial Transactions with Wholesale Energy Products (Resolution No. 618 dated 27.03.2024, enters into force on 02.07.2024).

However, as of the end of June, the NEURC still has to prepare the Terms of Reference for the development of an information system to ensure the NEURC's functions, so that the indicator can be considered fully implemented.



Indicator 15.1. Adoption of the Law of Ukraine on Prevention, Reduction and Control of Industrial Pollution
(Q3 2024)

Sector: green transition and environmental protection

Status: in progress

The indicator is aimed at preventing, reducing and controlling industrial pollution.

The relevant law should introduce integrated approaches to industrial pollution management and control based on the application of the best available techniques and management methods in accordance with Directive 2010/75/EU on industrial emissions.

On May 29, the Verkhovna Rada adopted as a basis the [draft law](#) No. 6004-d of January 4, 2023, on ensuring the constitutional rights of citizens to a safe environment for life and health, which, in particular, provided for the prevention, reduction, and control of industrial pollution. However, on June 19, the draft law was rejected.

However, on the same day, a new draft law No. 11355 on integrated prevention and control of industrial pollution was [registered](#) in the Verkhovna Rada, and on June 20 it was adopted as a basis with revisions. On July 16, the law was adopted as a whole, and since July 23, the document has been submitted to the President for signature.



Indicator 15.10. Development of a concept note defining the scope of deviations from the EIA and SEA rules

(Q3 2024)

Sector: green transition and environmental protection

Status: in progress

In order to fulfill the indicator on environmental impact assessment (EIA) and strategic environmental assessment (SEA), the Ministry of Environment and Natural Resources is expected to develop a concept note defining the scope of deviations from the EIA and SEA rules.

At the end of April 2024, the Ministry of Environment published a [draft](#) concept note for discussion. Comments and suggestions [will be accepted](#) until May 30. According to the position expressed by the Ministry of Environment during the public discussion held on May 14, 2024, the [purpose and objectives](#) of the Concept Note are to summarize all available deviations from EIA procedures in a single document, determine the body that decides on such deviations, the period of application of deviations, and provide arguments for the reasons for their application.

Thus, the implementation of the indicator has begun, and according to the Ministry's plans, it should be completed on time.

**Indicator 2.1. Approval of the strategic plan for the digitalization of the State****Tax Service**

(IV quarter of 2024)

Sector: public finance management

Status: in progress

This indicator envisages the adoption of the Strategic Plan for Digital Development, Digital Transformation and Digitalization of the State Tax Service, taking into account the recommendations set out in the National Revenue Strategy until 2030.

As part of the implementation of this indicator, the State Tax Service published the [Roadmap for the Digital Transformation of the State Tax Service](#) on July 5, 2023.



Indicator 3.6. Legislation to improve the bankruptcy regime comes into force

(fourth quarter of 2024)

Sector: judicial system

Status: in progress

The indicator is part of the reforms of insolvency resolution and enforcement of court decisions.

The new legislation should focus on preventing bankruptcy and restoring debtors' solvency, timely detection of signs of a crisis in an enterprise, identification of additional opportunities to restore companies' solvency, and accessibility of information for companies on insolvency prevention and early warning mechanisms.

As of the end of April, the Verkhovna Rada registered Draft Law No. 10228 dated 08.11.2023 "On Amendments to Certain Legislative Acts of Ukraine on Improving Preventive Procedures and Preventing Bankruptcy", which is being considered by the Economic Development Committee.



Indicator 6.1. Adoption of state ownership policy and ranking of state-owned companies

(Q4 2024)

Sector: state property management

Status: in progress

In March, the law necessary for the development of the new policy came into force, updating the rules for managing state-owned enterprises (indicator 6.2). The Ministry of Economy has accordingly [started](#) working on the new policy, which, according to the law, should be developed within six months after its adoption.

Currently, there is a general state property policy and policies adopted by the governing bodies of state-owned enterprises. However, it is planned to develop a new generalized state ownership policy that will apply to all state-owned enterprises. It is also proposed to conduct a new round of evaluation of state-owned enterprises, which will be used to update the list of enterprises to be retained in state ownership. The rest will be privatized or liquidated.



Indicator 7.5. Adoption of two strategies: The Strategy for Reforming Psychoneurological and Other Residential Institutions and Deinstitutionalization of Care for Persons with Disabilities and the Elderly and the Strategy for Ensuring the Right of Every Child in Ukraine to Grow Up in a Family Environment for 2024-2028

(fourth quarter of 2024)

Sector: human capital

Status: in progress

The indicator is part of the reform to improve social infrastructure.

It is necessary to adopt the Cabinet of Ministers' Resolution "On Approval of the Strategy for Reforming Psychoneurological and Other Residential Institutions and Deinstitutionalization of Care for Persons with Disabilities and the Elderly" and the Cabinet of Ministers' Resolution "On Approval of the Strategy for Ensuring the Right of Every Child in Ukraine to Grow Up in a Family Environment for 2024-2028."

These strategies should focus on the following key areas:

- development of social services to support families with children, people with disabilities and the elderly to live independently in the community and prevent institutionalization;
- development of assisted living services for people with disabilities and the elderly who need additional support;
- Providing family-based forms of upbringing (e.g., foster care, guardianship, and adoption) for children left without parental care.



Indicator 8.7. Enactment of legislation to restore market surveillance and control over non-food products, including product safety inspections

(fourth quarter of 2024)

Sector: business environment

Status: completed

In order to resume market surveillance and control of non-food products, including product safety inspections, the Cabinet of Ministers of Ukraine adopted and entered into force a resolution amending the resolution of the Cabinet of Ministers of Ukraine No. 303 "On Termination of State Supervision (Control) and State Market Surveillance under Martial Law" dated 13.03.2022 (regarding the exclusion of state market surveillance from its scope) and invalidating the resolution of the Cabinet of Ministers of Ukraine No. 550 "On Termination of

The indicator was fulfilled by the Cabinet of Ministers Resolution No. 261 of 08.03.2024 "On Amendments to the Resolutions of the Cabinet of Ministers of Ukraine of March 13, 2022 No. 303 and May 3, 2022 No. 550".

This is necessary to harmonize Ukrainian legislation and standards with the EU.



Indicator 9.6. Enactment of legislation for the development of urban planning at the local level
(fourth quarter of 2024)

Sector: decentralization and regional policy

Status: in progress

This indicator envisages the adoption of resolutions of the Cabinet of Ministers approving the Procedure for maintaining the state-level urban planning cadastre, the Unified State Address Register, the Unified State Register of Buildings and Structures, the Unified State Register of Administrative and Territorial Units, amendments to the resolutions of the Cabinet of Ministers regulating the development of urban planning documentation in the form of electronic documents, and the maintenance of the Unified State Electronic System in the field of construction, integration and information interoperability.

In pursuance of this indicator, the Cabinet of Ministers of Ukraine developed [Resolution No. 254 of 05.03.2024](#) "Some issues of implementation of the pilot project on the creation of the Unified State Register of Administrative and Territorial Units and Territories of Territorial Communities, the Unified State Register of Addresses, the Register of Buildings and Structures as part of the Unified State Electronic System in the Field of Construction".



Indicator 10.2. Implementation of the market concept of renewable energy

(Q4 2024)

Sector: energy

Status: in progress

To implement the reform to improve the regulatory framework to increase the share of renewable energy (RES) and ensure stable operation of the energy system, the Ministry of Energy need to introduce a market-based concept for RES by the end of the year.

On March 1, the Cabinet of Ministers approved [Resolution No. 232 amending](#) Resolution of the Cabinet of Ministers "On Amendments to Resolution of the Cabinet of Ministers of December 29, 2019 No. 1175", which provides for improvements to the procedure for holding auctions for the distribution of the renewable electricity support quota. In particular, it introduces a model of contracts for difference for the winners of the auction based on the market premium mechanism instead of a fixed electricity purchase, simplifies the conditions for participation in auctions for future participants, introduces the possibility of holding auctions for the construction of renewable energy facilities together with energy storage facilities, etc.

To fully implement the indicator (all the necessary procedures and documents for conducting auctions are in place), a schedule for holding auctions for the next year and setting indicative quotas for 4 years should be adopted. At the same time, [according to](#) Andriy Gerus, the Head of the VRU Committee on Energy, Housing and Communal Services, a pilot auction for the construction of 100 MW of RES capacity may take place by the end of 2024.



Indicator 10.10. Ensuring independence of the NEURC
(Q4 2024)

Sector: energy

Status: in progress

As part of the implementation of the reform to ensure the independence of National Energy Utilities Regulatory Commission (NEURC), the Regulator [has developed an](#) Action Plan to ensure its independence in accordance with Ukraine's international obligations, which was sent to the Cabinet of Ministers in December 2023 together with a letter of justification.

On December 27, 2023, the NEURC [approved the](#) draft Law of Ukraine "On Amendments to Certain Laws of Ukraine on Strengthening the Independence of the Regulator in the Energy and Utilities Sectors". With this decision, the NEURC launched the implementation of the NEURC Independence [Action Plan](#), which was developed to fulfill Ukraine's international obligations in the context of European integration, in particular the recommendations of the Energy Community Secretariat.

It is expected that the adoption of this draft law by the Verkhovna Rada, after approval by the government, will strengthen the independent status of the national energy regulator, as required by the EU acquis, and Ukraine's negotiating position during the EU accession negotiations.

Thus, steps have been taken to implement the indicator, which should be completed by the end of 2024 with the adoption of the relevant legislation.



Indicator 11.1. Adoption of the updated National Transport Strategy of Ukraine for the period up to 2030

(IV quarter of 2024)

Industry: transportation

Status: in progress

According to the monthly business survey conducted by the IER, problems with access to logistics are one of the biggest obstacles to business activity. That is why the development of transport infrastructure is important for Ukraine's economic sustainability and economic growth. The development of transportation routes and the availability of transportation services facilitates the movement of goods both within the country and for export.

The National Transport Strategy of Ukraine for the period up to 2030, which is to be adopted, will include measures to improve the situation in transport.

Thus, according to the Plan of Ukraine, the Strategy will be aimed at achieving the following goals:

- Rebuilding and developing a competitive and efficient transport system in line with EU policies and standards, in particular with regard to trans-European transport networks and the decarbonization goals of the transport sector set at the international and European levels (including through the development of rail, road and inland waterways included in the TENT network indicative maps, digitalization of transport system management, etc;)
- quality passenger transportation and unimpeded mobility;
- energy-efficient transportation that is safe for people and the environment.

In early July, the Ministry of Infrastructure published for discussion a [draft resolution of the Cabinet of Ministers](#) "On Approval of the National Transport Strategy of Ukraine for the period up to 2030 and Approval of the Operational Plan for its Implementation in 2025-2027." Suggestions and comments to the Strategy and Plan are accepted until August 4, 2024.



Indicator 11.2. Adoption of the Strategy for the Development and Construction of Border Infrastructure with the EU Member States and Moldova until 2030

(IV quarter of 2024)

Sector: transportation

Status: in progress

As part of this indicator, the Strategy for the Development and Construction of Border Infrastructure with the EU Member States and Moldova until 2030 is to be adopted.

The strategy will focus on the following key areas:

- reconstruction of checkpoints on the border with Poland, Slovakia, Hungary, and Romania;
- creating a network of service zones;
- simplification of border crossing procedures (digitalization and introduction of joint control) in accordance with EU standards.



Indicator 12.1. Adoption of the Strategy for the Development of Agriculture and Rural Areas until 2030

(Q4 2024)

Sector: agri-food sector

Status: in progress

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Under the indicator Strategy is approved by the Government.
The draft Strategy currently contains the following main strategic goals:

- Inclusive support for agriculture
- Achieving food security
- Ensuring the sustainability of the agricultural sector
- Efficient use of land
- Climate-oriented agriculture
- Modernization of the agri-food sector
- Creating conditions for the development of rural areas

The draft Strategy was developed and first presented in March. The revised text was [presented to a](#) wider audience in June and [offered](#) for public discussion on the website of the Ministry of Agrarian Policy. It is expected to be adopted by the end of the year.



Indicator 12.5. **The law on the State Agrarian Register entered into force**
(fourth quarter of 2024)

Sector: agri-food sector

Status: in progress

The indicator is part of a reform aimed at improving the official public electronic register of farms.

The relevant law should focus on the following key areas:

- The State Agrarian Register (SAR) is recognized as an official public electronic register in the field of agricultural policy and food security with regulation of its mandatory elements, such as the procedure for its maintenance, definition of its data and access by third parties, etc;
- The coverage of the DAR includes information on stakeholders along the entire agricultural value chain, such as agricultural producers, food processors, water users, and others;
- The functional capabilities of the State Agency for Regional Development were expanded, which is a prerequisite for receiving financial assistance and allows for targeted allocation of technical assistance and other administrative services, as well as input of analytical information, etc.
- registration with the State Agency for Agrarian Policy is a prerequisite for receiving any type of state support in the agricultural sector;
- mandatory publication of the register of beneficiaries of any state support programs in the agricultural sector implemented through the SAR.

As of the end of April, the Verkhovna Rada registered [Draft Law No. 11063](#) dated 04.03.2024, which is being considered by the Committee on Agrarian and Land Policy. The committee noted a number of comments in its conclusion, but recommended that the draft law be adopted in the first reading and passed the second reading under a shortened procedure. So far, however, the issue has only been heard in the Rada, but not put to a vote.



Indicator 13.1. Adoption of the Law of Ukraine "On Amendments to the National Programme for the Development of the Mineral Resource Base of Ukraine to 2030"

(Q4 2024)

Sector: management of critical raw materials

Status: in progress

As part of the reform to improve planning and ensure optimal conditions for attracting strategic investors, one of the steps is the adoption of the Law of Ukraine "On Amendments to the National Program for the Development of the Mineral Resources Base of Ukraine to 2030".

The corresponding [draft Law](#) was developed in 2021 and registered on October 27, 2021, in the Verkhovna Rada (N0. 6227).

On February 21, 2024, the Committee on Energy, Housing and Communal Services [considered the](#) draft law and recommended that the main Committee on Environmental Policy and Nature Management submit it to the Verkhovna Rada for adoption as a basis in the first reading. In addition, [it is envisaged](#) on the work plan of the State Geology and Subsoil Service of Ukraine that the draft Law No. 6227 shall be accompanied in the parliament (Q3 2024).

On June 4, the draft law No. 6227 was [adopted by the Verkhovna Rada as a](#) basis (first reading). In turn, the Verkhovna Rada Committee on Environmental Policy and Nature Management was instructed to finalize the draft law with a request for amendments and proposals from the subjects of legislative initiative and submit it to the Verkhovna Rada for consideration in the second reading. The period for collecting amendments and proposals lasted from June 5 to June 18, 2024.

These steps indicate the resumption of work on the draft Law on the implementation of the indicator.



Indicator #1.1 Legislation on civil service remuneration reform enters into force

(first quarter of 2025)

Sphere: public administration reform

Status: in progress

For years, the civil service remuneration system was inefficient. The large share of variable component made the predictability of remuneration low and its amount depended on the management. Also, a large share of the variable component encouraged keeping vacant positions in order to pay bonuses at the expense of payroll savings. Such a policy of determining the level of remuneration in the civil service is not in line with international best practices.

Indicator 1.1. specifically provides for the entry into force of legislation (including bylaws) that complies with the principles of public administration set out in the Organization for Economic Cooperation and Development (OECD, SIGMA) program. The reform provides for:

- introducing remuneration based on the classification of positions by functional area;
- a clear division of the salary into a fixed or guaranteed part and a variable part;
- reducing the longevity allowance from 50% to 30%.

Partially, the relevant changes for 2024 have already been implemented by the [CMU Resolution "Issues of Remuneration of Civil Servants Based on Job Classification in 2024"](#): accordingly, in 2024, approaches to remuneration based on grades were changed and the variable component of remuneration was reduced. At the same time, these changes should be systematically determined by the Law: the relevant draft law has already been registered in the Verkhovna Rada [No. 8222](#), which was adopted as a basis on July 28, 2023.



Indicator 4.3. Increase the staff of the High Anti-Corruption Court

(first quarter of 2025)

Sector: anti-corruption and money laundering

Status: in progress

Ukraine's plan proposed to increase the number of judges of the High Anti-Corruption Court (HACC) by restoring the work of the Public Council of International Experts (PCIE). **To implement this measure, it is necessary to increase the number of HACC judges by 60% and the number of HACC staff by 40%.**

This indicator should be considered in close connection with others related to strengthening the capacity of anti-corruption institutions to ensure that they are able to cope with the volume of work in a reasonable time frame without being overwhelmed.

Back at the beginning of the court's establishment, in 2018, the High Council of Justice (HCJ) approved the HACC staffing level of **39 judges**, including **12 judges** in the Appeals Chamber.

In 2023, the HCJ received appeals from the HACC Head requesting to increase the number of HACC judges. The procedure also included an opinion of the State Judicial Administration (SJA), which supported the HACC's position and proposed that the HCJ **temporarily set the number of judges of the High Anti-Corruption Court at 63 positions**, including 21 positions of judges of the Appeals Chamber of the High Anti-Corruption Court, **until the approval of the court staffing standards and new calculations based on them.**

The HCJ, having heard the positions of the SJA and the **HACC**, decided to temporarily determine (until the approval of the standards for staffing the courts and new calculations based on them) the **number of judges in the HACC - 63 positions, including 21 positions of judges of the Appeals Chamber.**

In November 2023, a competition for 24 positions in the HACC was launched, but it was delayed, in particular due to the expiration of the powers of the PCIE. At the end of April, a new PCIE was formed. The competition is currently at the stage of qualification assessment of candidates. The competition is **expected to be completed in the fall, by the end of September**, as agreed in the updated IMF memorandum with Ukraine.

As for the increase in the court staff, the HCJ planned to increase the number of staff members to 414 from 326 in 2024, which still falls short of the 40% target.



Indicator 4.7. Law on ARMA reform enters into force
(first quarter of 2025)

Sector: anti-corruption and money laundering

Status: in progress

To implement this indicator, it is proposed to adopt the Law of Ukraine reforming the National Agency for finding, tracing and management of assets derived from corruption and other crimes (abbr. — Asset Recovery and Management Agency or ARMA), with its subsequent entry into force.

The law should focus on:

- a transparent and merit-based procedure for selecting the head of the agency, including integrity and professionalism checks that are credible;
- independent external performance evaluation system;
- a transparent procedure for managing and selling seized assets under the agency's control.



Indicator 6.6. Adopt a roadmap for unbundling public service obligations (PSO) and other activities
(first quarter of 2025)

Sector: management of public assets

Status: in progress

A roadmap for mandatory structural separation of PSO (public service obligations) and non-PSO activities for all state-owned companies with special obligations should be adopted by the Government and published. Such a roadmap should be based on the current level of accounting practices identified and include operational measures to separate the accounts of the companies at different stages of implementation of the necessary changes. The roadmap will include a description of how the separation of accounts for activities related to and not related to the performance of special duties will be implemented in all priority state-owned companies from the list approved by a protocol decision of the Cabinet of Ministers.



Indicator 7.2. The law on preschool education enters into force
(first quarter of 2025)

Field: human capital

Status: completed

Today, one of the obstacles to business is the lack of labor. At the same time, studies show that the level of women's participation in the labor force remains lower than in many developed countries. One of the reasons is the lack of access to quality preschool education.

That is why one of the indicators of the Plan of Ukraine is a reform aimed at improving access to quality preschool education in order to attract women with preschool children to the labor market.

The reform is a one-step process - the entry into force of the Law on Preschool Education, which should comply with the EU Council Recommendation of May 22, 2019 on high quality early childhood education and regulate the following issues:

- guarantees of access to preschool education for children of early and preschool age;
- fair rules for the functioning of educational institutions in the market of educational services in the field of preschool education;
- decent working conditions for employees in the field of preschool education;
- rules for the functioning of a flexible and efficient network of preschool education providers.

The relevant [law](#) was already adopted by the Parliament in June 2024. It regulates the issues identified in the Plan for Ukraine, which can be considered as fulfillment of this indicator.



Indicator 7.11: Adoption of the Strategy for the Development of Culture of Ukraine

(first quarter of 2025)

Field: human capital

Status: in progress

Ukraine lacks a coherent policy for the development of Ukrainian culture, while the relevant issues can now be attributed to security. These issues were raised several times during public consultations on the preparation of the Plan of Ukraine.

For example, according to the Plan, the government has committed itself to adopting a Strategy for the Development of Culture in Ukraine. The Ministry of Culture and Information Policy (MCIP) has already [started working on the](#) project.

As defined by the ICIP: The strategy will be a medium-term policy planning document, containing a thorough analysis of the current state of affairs, and will define strategic goals, priorities, areas of action and tasks of the state in the field of cultural policy for the period up to 2030.

ICIP invites experts and scholars to provide recommendations for the future draft Strategy.



Indicator 9.1. Entry into force of legislation on reforming the territorial organization of executive power

(first quarter of 2025)

Sector: decentralization and regional policy

Status: in progress

Legislation to implement this indicator should focus on reformatting local state administrations (LSAs) into prefectural-type bodies in order to organize a reasonable system of ensuring the rule of law in the activities of local self-government bodies, and to ensure coordination of territorial bodies of central executive authorities in the implementation of state policy at the local level.

The corresponding draft law No. [4298](#) was registered on 10/30/2020, but a year later, after three versions of the draft, the consideration of the bill was postponed to the second reading.

In February 2024, the Committee on the Organization of State Power, Local Self-Government, Regional Development and Urban Planning [recommended an updated draft law for the second reading](#), including the return of the status of civil servants to the heads of local state administrations and their deputies, an update of the procedure for appointing and dismissing heads of local state administrations, and the introduction of a system for overseeing the legality of local government decisions.



Indicator 9.4. Enactment of legislation on public consultations on public policy issues

(first quarter of 2025)

Area of expertise: decentralization and regional policy

Status: in progress

The indicator provides for the entry into force of the Law of Ukraine "On Public Consultations" with its application within 12 months from the date of termination or lifting of martial law in Ukraine. The law will launch a legal mechanism for public consultations in the formulation and implementation of state policy and the resolution of local issues, which will create preconditions for coordinated, effective and efficient political decision-making.

The relevant [draft law](#) was adopted in June 2024: since June 25, the bill has been awaiting the President's signature.

The adopted draft law provides for the obligation of executive authorities, local governments, and public authorities to conduct public consultations when drafting regulations.

Such consultations may take the form of electronic consultations, as well as roundtables and discussions.

As envisaged in the Plan, it is proposed that this draft law will come into force 12 months after the date of termination or lifting of martial law.



Indicator No. 12.3 The automated system of public monitoring of land relations was put into operation. Mass land valuation was carried out (Q1 of 2025)

Sector: agri-food sector

Status: in progress

The indicator envisages the introduction of an automated system for monitoring land relations and conducting a massive land valuation.

The necessary regulatory framework was adopted last year. Public [monitoring of](#) land transactions has been available on a limited basis since 2021.

According to the NACP monitoring, the provision on mass land valuation was also included in the State Anti-Corruption Program. Accordingly, the State GeoCadastral Service reported on the [implementation of](#) calculations for the first stage of land valuation. They emphasized that the work was carried out within the available funding.



Indicator 12.7. Long-term plan for the development of the irrigation system of Ukraine adopted
(first quarter of 2025)

Industry: agri-food sector

Status: in progress

The Irrigation System Development Plan sets an ambitious goal: the plan will use the full economic benefits method, aligned with basin-wide water management, based on environmental impact assessment and strategic environmental reform

There is no information on progress, but the indicator is marked in the reform matrix as in progress, as is the majority of indicators from the Ukraine Plan.

**Indicator 13.5. Upgrade e-cabinet of subsoil users**

(Q1 2025)

Sector: management of critical raw materials**Status:** in progress

As part of the reform to improve administrative procedures, the State Service of Geology and Subsoil is to update the subsoil user's electronic cabinet, digitize secondary geological information, and ensure the issuance of digital special permits for subsoil use by the end of March 2025.

On March 28, 2023, the Ministry of Environment approved the [Regulation](#) on the Subsoil User's Electronic Cabinet, which defines the general principles of its functioning. Two months later, on May 19, the Cabinet of Ministers [approved the](#) Procedure for the maintenance, operation and access to information of the unified state electronic geographic information system for subsoil use, developed pursuant to the Law of Ukraine No. 2805-IX of December 1, 2022 "On Amendments to Certain Legislative Acts of Ukraine on Improving Legislation in the Field of Subsoil Use".

However, as of the end of July 2024, there is no information on the introduction of a digital special permit. [According](#) to experts, the electronic cabinet has its drawbacks and, as long as martial law is in force in Ukraine, will not allow the use of all the announced functionality.

In terms of digitalization, the pilot phase of the project with the EBRD was [implemented: the](#) necessary technical equipment and software were purchased and the first 6 thousand books of geological reports were scanned and published on an interactive map. In total, it is planned to digitize 60 thousand books of geological reports and graphic applications and translate metadata into English.



Indicator 14.1. Adoption of a new plan for the distribution and use of radio frequencies in Ukraine
(first quarter of 2025)

Sector: digital transformation

Status: in progress

The Resolution of the Cabinet of Ministers on Amendments to the Resolution of the Cabinet of Ministers "On Approval of the Plan for the Allocation and Use of Radio Frequency Spectrum in Ukraine" is to enter into force. The resolution should define the radio technologies allowed for use in Ukraine, including the radio frequency bands and radio services to which they correspond, as well as the terms of termination of their development and use, and a list of promising radio technologies for implementation in Ukraine, including the radio frequency bands and radio services to which they correspond, as well as the conditions for their implementation in accordance with the acquis.



Indicator 14.2. Enactment of legislation to strengthen cybersecurity capabilities of state information resources and critical information infrastructure

(first quarter of 2025)

Sector: digital transformation

Status: in progress

Regulations to harmonize with the NIS and NIS2 Directives should come into force.

The acts should focus on the following key areas:

- Regulation of mandatory implementation of measures aimed at creating an appropriate legal framework for the implementation of measures to prevent, detect and suppress acts of aggression in cyberspace in the context of the Russian Federation's war against Ukraine;
- strengthening the protection of state information resources and critical information infrastructure from cyberattacks;
- Comprehensive improvement of the regulatory framework in the field of cybersecurity and information protection to enhance the capabilities of the national cybersecurity system to counter cyber threats



Indicator 14.3. Approval of the action plan for the transfer of public services to electronic form by 2026

(first quarter of 2025)

Sector: digital transformation

Status: in progress

To this end, a Cabinet of Ministers Order approving an action plan for the transfer of public services to electronic form by 2026 should be developed and adopted with further entry into force.

The action plan should focus on the following key areas:

- recovery;
- education;
- healthcare;
- services for veterans;
- services for the military;
- customs;
- social sphere.



Indicator 15.2. Adoption of the Law of Ukraine "On the Basic Principles of the State Climate Policy"

(Q1 2025)

Sector: green transition and environmental protection

Status: in progress

On July 16, 2024, the Verkhovna Rada adopted in the first reading the draft law on the Basic Principles of the State Climate Policy (Reg. [No. 11310](#)), submitted by the Cabinet of Ministers at the end of May 2024. Amendments and proposals to the document will be collected until the end of July.

The adoption of the draft law is important given the need to bring legislation in line with EU law, in particular Regulation (EU) 2021/1119 establishing a framework for achieving climate neutrality and Regulation (EU) 2018/1999 on the governance of the Energy Union and mitigation of the effects of climate change in terms of reporting, as well as to implement the action plan for the implementation of the recommendations of the European Commission presented in the Report on Ukraine's Progress under the EU Enlargement Package 2023, approved by the Cabinet of Ministers of Ukraine.

Thus, as of the end of July 2024, there is every reason to expect that the indicator will be met on time.



Indicator 15.5. Adoption of the Action Plan for the Establishment of a National Greenhouse Gas Emissions Trading System
(Q1 2025)

Sector: green transition and environmental protection

Status: in progress

The development and submission by the Ministry of Environment in June 2024 of a draft order approving an action plan for the establishment of a national greenhouse gas emissions trading system [is envisaged in](#) the Government's 2024 Priority Action Plan.

For example, on June 5, the Ministry of Environment [published a](#) draft order of the Cabinet of Ministers "On Approval of the Strategy for Implementation of the Greenhouse Gas Emissions Trading System in Ukraine for the Period until 2033." Until July 5, the Ministry of Environment collected suggestions and comments.

The strategy [has](#) three main objectives:

- Formation of the necessary regulatory framework.
- Ensuring the effective functioning of the ETS in Ukraine, compatible with the EU ETS.
- Maintaining an ongoing dialogue to facilitate interaction and raise awareness of stakeholders on ETS implementation.

The ETS implementation involves three stages:

- Preparatory (2024-2025): Development and adoption of the legal framework for the ETS.
- Pilot (2026-2028): Testing the efficiency and readiness of the system before the full launch.
- The first stage of full operation (2029-2033): Establishment of a reliable market instrument to reduce greenhouse gas emissions and achieve low-carbon neutrality.



Indicator 15.5. Adoption of the Action Plan for the Establishment of a National Greenhouse Gas Emissions Trading System (continuation)
(Q1 2025)

Sector: green transition and environmental protection

Status: in progress

In addition, on May 30, 2024, the [Cabinet of Ministers approved the](#) Strategy for the Formation and Implementation of the State Policy on Climate Change until 2035 and approved an operational plan for its implementation in 2024-2026. One of the tasks to implement Goal 2 on mitigating climate change and ensuring a socially just and economically efficient transition to low-carbon development of the state is to develop and submit to the Cabinet of Ministers a draft law on the principles of the national greenhouse gas emissions trading system (scheduled for 2025) and the implementation of the national greenhouse gas emissions trading system (pilot project) (scheduled for 2026).

Thus, with clear plans and first actions, it is possible to predict the timely implementation of the indicator.



Indicator 3.5. Entry into force of legislation on review of judges' integrity declarations and procedures for their verification

(second quarter of 2025)

Sector: judicial system

Status: in progress

The law and acts of the HQCJ come into force, according to which the declarations of integrity of judges and the procedure for their verification should be revised.

These legal acts should focus on:

- clarifying the content of the integrity declarations and the grounds for initiating an audit;
- extending the time period covered by the audit;
- improving the inspection procedure by detailing the mechanisms and terms of inspection, defining the rights and obligations of individuals and legal entities involved in the inspection process, and clarifying the legal consequences of the inspection.



Indicator 3.8. Improving the enforcement of court decisions. The law on digitalization of enforcement proceedings came into force
(second quarter of 2025)

Sector: judicial system

Status: in progress

The indicator is considered to be met if the law on the enforcement of court decisions on property and non-property obligations comes into force and further digitalization of enforcement proceedings is implemented.

In the context of the enforcement of court decisions in Ukraine, a Roadmap for reforming the enforcement of court decisions and improving the activities of public and private enforcement officers will be developed, taking into account the current situation, and a package of draft laws will be adopted to improve the enforcement of court decisions on property and non-property obligations and further digitalize enforcement proceedings. In particular, this will allow:

- to expand the functionality of the automated system of enforcement proceedings;
- to introduce interaction between the Unified Register of Debtors and other registers to prevent alienation of property by the debtor;
- improve the automated seizure of debtors' funds, etc.



Indicator 5.4. Improvements in the resolution of non-performing loans (NPLs)

(second quarter of 2025)

Sector: financial markets

Status: in progress

A NPL resolution strategy developed in accordance with current EU legislation should be approved. The strategy should focus on the following key areas:

- strengthening prudential requirements for the recognition and resolution of non-performing loans;
- exchange of data on non-performing loans and other relevant market data between financial institutions and government agencies to improve the resolution of non-performing loans;
- reviewing potential obstacles and developing measures to improve the framework for restructuring and resolving NPLs.

**Indicator 7.1. The law on vocational education enters into force**

(second quarter of 2025)

Field: human capital

Status: in progress

Today, the labor market lacks skilled labor. At the same time, reconstruction will require professionals who can work in construction. The return of the military and their integration into the labor market will also require modern vocational education programs. That is why one of the indicators of the Ukraine Plan is the adoption and entry into force of a law on vocational education. People who have acquired new skills will also return from abroad, and it will be important to continue to implement a system for recognizing such skills.

That is why it is determined that the law on vocational education should define fair rules for the functioning of educational entities in the market of educational services in the field of vocational education. It should also expand the institutional capacity of educational entities to provide formal and non-formal vocational education. It is also important to regulate the relations between vocational education institutions, national/local and international stakeholders for the sustainable development of human capital in Ukraine.

[The draft law](#) on vocational education presented by the Ministry of Education and Science in April 2024 did not meet all these provisions. Therefore, work on the draft law is ongoing.



Indicator 7.10: Adoption of the CMU resolution on procurement of social services

(second quarter of 2025)

Field: human capital

Status: in progress

There is a growing need for various social services in Ukraine, and the system for providing such services remains largely outdated and inefficient. In 2023, the Ministry of Social Policy launched an experiment to procure social care services, but this is only a small part of the changes needed. At the same time, budget funding is limited and must be spent efficiently.

That is why the government is planning changes in the procurement of social services to increase their accessibility and efficiency.

It is important that the adopted resolution is fiscally neutral and does not require additional funding, and should provide for this:

- transition from funding institutions to a result-oriented model of social services procurement;
- introduce a mechanism for procuring certain social services from registered public and private social service providers based on established social service standards and criteria for providers.



Indicator 8.4. Adoption of SME strategy and action plan for its implementation

(second quarter of 2025)

Scope: Business environment

Status: in progress

The development strategy and action plan should focus on SMEs' access to finance, markets and knowledge

The first [draft of the Strategy for the Recovery, Sustainable Development and Digital Transformation of Small and Medium-Sized Enterprises until 2027](#) was published in January. This was followed by a series of consultations with stakeholders.

The updated [draft](#) was published in May. The draft includes an operational plan for the implementation of the strategy, which includes specific measures for its implementation, so if the proposed draft is adopted, the indicator will be met.



Indicator 9.2. Research on the necessary measures to grant territorial communities the status of a legal entity

(second quarter of 2025)

Area of expertise: decentralization and regional policy

Status: in progress

This indicator does not include the adoption of certain legislative acts. It refers to the approval and publication on the web portal of the Ministry of Reconstruction of a study on the necessary measures to grant territorial communities the status of a legal entity.

In particular, the research should focus on the impact of granting legal entity status to communities on the efficiency of internal organization and management, strengthening their accountability and transparency in legal relations.



Indicator 10.4. Adoption of the Roadmap of the process of separation of the Renewable Energy Surcharge from the Transmission Tariff
(Q2 2025)

Sector: energy sector

Status: in progress

According to the [Ukraine Plan, the NEURC](#) (by agreement) is responsible for developing a Roadmap for the process of unbundling the renewable energy surcharge from the transmission tariff, including the necessary legislative acts and implementation timeframes.

In essence, it is a matter of separating the costs of the transmission system operator for performing special duties to ensure an increase in the share of electricity generation from alternative energy sources and covering these costs through a special surcharge to the electricity price or another form.

As of the end of July 2024, there is no publicly available information on the work on the Roadmap. At the same time, some RES market participants oppose the separation of the feed-in tariff from the “green” tariff, pointing to even greater risks of the state's failure to fulfill its obligations even compared to the current payment crisis.



Indicator 13.3. Publication of a pipeline of investment projects for extraction of critical raw materials

(Q2 2025)

Sector: critical raw materials

Status: in progress

It is necessary to publish a portfolio of investment projects in the extractive industry for critical raw materials, prepare and promote a list of subsoil sites offered through the mechanism of electronic auctions and production sharing agreements for solid minerals.

Resolution of the Cabinet of Ministers of Ukraine No. 132 of February 14, 2023 [approved the](#) list of subsoil areas (fields) of strategic importance for the sustainable development of the economy and defense capability of the state, which will be provided for use through tenders for production sharing agreements. Obviously, the Ukraine Plan presupposes the need to actualise and update this list so that other fields can be offered through e-auctions.

On June 11, the Ministry of Economy of Ukraine presented [an Investment Guide](#) containing 95 investment projects worth about 27 billion USD to the Ukraine Recovery Conference 2024 in Berlin. Among them are 10 projects in the field of critical raw materials (lithium, titanium, uranium, graphite, cobalt, nickel, tantalum, and other rare earth elements), which require 2.7 billion USD in funding.



Indicator 13.4. Launching international tenders for production sharing agreements (PSAs) and ensuring their transparency
(second quarter of 2025)

Sector: critical raw materials

Status: in progress

International tenders for Production Sharing Agreements (PSAs) should be launched using standard terms and conditions of these agreements approved by the Government and made public. Transparency of tenders and production sharing agreements is ensured through open access to the terms and content of the agreements.

Resolution of the Cabinet of Ministers of Ukraine No. 132 dated February 14, 2023 [approved the](#) list of subsoil areas (deposits) of strategic importance for the sustainable development of the economy and defense capability of the state, which will be provided for use through tenders for production sharing agreements. At the same time, there is no information on the resumption of the Government's work on the model PSA.

The publication of copies of contracts (agreements) for subsoil use, including PSAs, concluded after January 15, 2022, is already provided for by the Law on Ensuring Transparency in Extractive Industries.



Indicator 15.6. Resumption of the compulsory monitoring, reporting and verifying (MRV) system
(Q2 2025)

Sector: green transition and environmental protection

Status: in progress

The indicator is aimed at implementing the reform to introduce market-based emissions pricing mechanisms.

To improve the MRV system, as well as to take into account the peculiarities of wartime, the Cabinet of Ministers [adopted](#) Resolution No. 1203 on November 14, [2023](#), which improves the requirements for monitoring, reporting and verification of greenhouse gas emissions in Ukraine. This Resolution amends the CMU Resolution No. 880 "List of Activities, Greenhouse Gas Emissions from which are Subject to Monitoring, Reporting and Verification", CMU Resolution No. 959 "Procedure for Verification of the Operator's Report on Greenhouse Gas Emissions", CMU Resolution No. 960 "Procedure for Monitoring and Reporting on Greenhouse Gas Emissions". As [noted, the](#) amendments improve the MRV processes and simplify the requirements for operators for the duration of martial law. In particular, the deadlines for submitting monitoring plans in case of changes are doubled; the "transition period" is extended, and the requirements for the laboratory are adjusted.

In addition, in March 2023, the Verkhovna Rada [adopted](#) Law No. 2973-IX "On Amendments to Certain Legislative Acts of Ukraine on the State System of Environmental Monitoring, Information on the State of the Environment (Environmental Information) and Information Support for Environmental Management". The document [integrates the](#) concept of monitoring into each sector of environmental policy, including the areas of air quality, marine, surface, groundwater and soil, forests, plants, animals, waste management and geological processes, etc. However, the Law will enter into force six months after the date of the abolition or termination of martial law in Ukraine.



Indicator 15.6. Resumption of the compulsory monitoring, reporting and verifying (MRV) system (continuation)

(Q2 2025)

Sector: green transition and environmental protection

Status: in progress

Additionally, on June 13, the Cabinet of Ministers approved a [resolution that](#) provides for the approval of the procedure for the functioning of the state environmental monitoring system and its subsystems. The monitoring system will include the following subsystems:

- monitoring of atmospheric air;
- water monitoring;
- monitoring of land and soil;
- forest monitoring;
- monitoring of biological and landscape diversity;
- monitoring in the field of waste management;
- monitoring of the geological environment;
- monitoring the impact of physical factors (temperature, noise, vibration, ionizing and non-ionizing radiation).

However, the resolution comes into force together with Law No. 2973-IX 6 months after the martial law is lifted.

Thus, the work on the restoration of mandatory reporting and the entire MRV system has only just begun.

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The impact of foreign aid on the economy: will we close the fiscal gap?





2024: more funds are needed to finance defense

Civilian expenditures: Funding is likely sufficient

- According to the Ministry of Finance, Ukraine needs about USD 37 bn in external financing in 2024.
- In 2024, Ukraine will receive USD 38 bn in external budgetary aid (NBU estimate).
- Ukraine has finalised agreements to receive the first tranche (USD 3.9 bn out of USD 7.85 bn) of the grant from the United States.

Defense spending: Increase by UAH 500 bn

- The main source of additional funding will be tax increases.
- The Ministry of Finance insists on increasing the military tax instead of VAT.
- In a joint statement, think tanks, including IER and CES, call for an increase in VAT instead and better tax administration and minimization of shadow schemes.



2025: will the deficit be covered?

The need for 2025:
At least USD 32 bn

A potential solution:
USD 50 bn from Russian assets

Confirmed for 2025:

 EUR 12.5 bn (~ USD 13.4 bn) from the EU

 USD 1.8 bn from the IMF

Will the funds be available in 2025?

Planned:
Reducing civilian spending

Budget Declaration for 2025-27 prioritizes defense spending

Shortage of at least \$17 bn

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