

No. 8

September 2024



RRR4U

Monitoring the implementation of the IMF program and EU assistance

*** *Special topic — Customs reform***



Summary

Our monitoring takes into account the results of the implementation of structural benchmarks and indicators **at the end of September 2024.**

Ukraine complies with its main obligations to implement the IMF Program, as well as the Ukraine Plan, which is the basis for providing assistance to Ukraine from the EU.

In October, **the approval of the fifth review of the IMF program** by the Executive Board and the receipt of another tranche of \$1.1 billion is expected. Ukraine has fulfilled all the quantitative performance criteria and implemented one structural benchmark.

On August 13, Ukraine received €4.2 billion from the EU within the Ukraine Facility **for the fulfilment of all indicators of Ukraine Plan for the second quarter.**

Cooperation with international partners is critically important for Ukraine. The success of such cooperation depends on the financing of priority expenditures of the state budget (internal revenues are directed to security and defence).

Fulfilment of obligations under financial support programs is not needed by donors — **Ukraine needs them to achieve economic stability** and transition to growth and increase the welfare of Ukrainians. And it is also a way to gain trust from all international partners and foreign businesses.

The RRR4U consortium continues regular monitoring of Ukraine's fulfilment of the terms of the IMF financing program and the implementation of the Ukraine Plan, the fulfilment of which is the basis for providing assistance from the EU within the Ukraine Facility.

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Monitoring of the implementation of structural benchmarks under the IMF program



completed
on time



completed
not on time



in
process



not
completed





Status of implementation of the IMF program

On September 10, **Ukraine reached a staff-level agreement on the fifth revision of the program. The agreement still needs to be approved by the IMF Executive Board**, which should happen in mid-October.

Ukraine has fulfilled all the quantitative criteria and one structural benchmark, which had to be fulfilled by the end of June (the evaluation period) — the adoption of the law on the reform of the BES.

If the agreement is approved by the IMF Executive Board, **Ukraine will receive another tranche of financing from the IMF in the amount of \$1.1 billion.**

The IMF will publish the text of the fifth review after its approval. New structural benchmarks may appear in it or the deadlines of old ones may change. It is already known that a **new requirement to restore the full composition of the supervisory board of NPC “Ukrenergo” by the end of 2024** will appear in the new review.

The next review of the IMF program will take place in December. Ukraine’s progress will then be assessed against quantitative indicators and structural benchmarks with a deadline of late September 2024.



By the end of September, Ukraine must comply the following structural benchmarks:

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

Successful completion of the next review will unlock another \$1.1 billion in funds from the IMF for Ukraine.



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 (deadline — 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

(deadline — 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 (deadline — 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

(deadline — 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

(deadline — 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 (deadline — end of June 2023)

Sector: monetary and exchange rate

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/SOE 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 (deadline — 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** (deadline — end of September 2023)

Sector: 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**

(deadline — 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**

(deadline — 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 (deadline — end of October 2023)

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

Sector: energy/SOE 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 18 Better Public Investment Management**

(deadline — end of December 2023)

Sector: 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. 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 PIM model that meets the reconstruction principles developed by RRR4U: prioritization, sustainability, efficiency and effectiveness, transparency and accountability.



BENCHMARK 19 Approval of the National Revenue Strategy by the end of 2023 (deadline — 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 on time

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
(deadline — 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 ending of March 2024)

Sector: 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)

(deadline — 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 passed Bill 10439, the text of which is in line with the requirements of international partners. On June 28, it was 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** Preparation of methodology for assessment of tax benefits

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

Sector: fiscal sector

Status: completed on time

The review of tax benefits should be a step towards expanding the domestic revenue base without increasing tax rates. By the end of September 2024, the government must prepare a methodology for assessing losses from all tax benefits, so that, based on the appropriate assessment, in the future, options for measures will be offered that will help reduce budget losses due to preferential taxation.

Such a step will contribute to increasing Ukraine's ability to increase internal sources of income, which is an urgent task against the background of the need to ensure high expenditures on the state's defense capability, as well as the expected decrease in the level of international support for Ukraine.

The Ministry of Finance of Ukraine approved the necessary methodology with its order No. 474 dated 09/27/2024 "On approval of the Methodology for evaluating tax policy instruments that lead to tax expenditures."



BENCHMARK 25 Assessment of fiscal and quasi-fiscal losses from SE
(deadline — end of September 2024)

Sector: fiscal sector

Status: completed on time

There is a large number of state-owned enterprises in Ukraine, which in some places create fiscal risks, but also fiscal and quasi-fiscal losses. An important reason for the deterioration of the state's financial condition was the full-scale war. However, this is partly due to the government's policy (in particular, with regard to refraining from raising tariffs for electricity, natural gas and other public utilities). To cover 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 MFIs. At the same time, the latter, other things being equal, could be directed to the budget to finance urgent expenses. Borrowings of state-owned enterprises are guaranteed by the state, and therefore, in the event of problems, the debt falls on the shoulders of the state.

That is why it is important to monitor the current financial situation of state-owned enterprises and perform stress testing. This is exactly the kind of analysis and assessment that should be done within this structural benchmark for the large SOEs most affected by a full-scale war.

The Ministry of Finance submitted annexes to the draft State Budget for 2025, in which it presented quasi-fiscal losses from the state-owned enterprises, as well as a report on fiscal risks, which provided an estimate of quasi-fiscal losses, as well as the results of stress testing of the state-owned enterprises.

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

(deadline — end of October 2024)

Sector: 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 Adoption of changes to the Customs Code of Ukraine in accordance with the best global practices
(deadline — end of October 2024)

Sector: fiscal sector

Status: completed on time

Today, business identifies customs issues as problematic, and experts often call the work of the State Customs Service ineffective. Various shortcomings of both legislation and practice lead to smuggling and minimization of customs value, which means the loss of budget revenues, which today are urgent to finance defense and security.

That is why it was decided that by the end of October, the Parliament should adopt changes to the Customs Code, which should also come into force by this date. As stated in the Memorandum, these changes must be harmonized with EU regulations. The Ministry of Finance should continue to report to the Ministry of Finance. Since business often complains about corruption in the Ministry of Internal Affairs, one of the areas of change should have been to strengthen the integrity of the staff and introduce the process of selection of management based on a transparent competition with the participation of international experts. It is also stated that other reforms in 2024 include (i) modernization of the framework conditions for imposing administrative liability for violations of customs rules and (ii) development of criteria for assessing the impact of the Anti-Corruption Program of the State Customs Service.

Parliament has already adopted two draft laws, which together correspond to the above-mentioned provisions: [No. 10411](#) and [No. 6490-d](#). They have been sent to the President for signature, we hope that they will be signed soon.



BENCHMARK 28 Determining the link between
the Budget Declaration and capital expenditures
(deadline — end of December 2024)

Sector: 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 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.

(deadline — permanent)

Sector: 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

(deadline — 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 A new methodology for risk assessment during supervision
(deadline — end of December 2024 (postponed from end of June))

Sector: financial sector

Status: in process

The National Bank of Ukraine should implement risk assessment methodologies during supervision in order to make informed decisions about the priorities of supervisory activities. The methodology will be applied to all banks, and a plan of supervisory actions will be prepared by the end of December 2024. While improving the results of supervision, the National Bank also plans to increase the effectiveness of supervision by improving the allocation of resources and processes by adjusting the organizational structure of banking supervision. This will be complemented by strengthening the professional potential 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)*

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)

RRR4U

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 increase the efficiency of HACC work**

(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 HACC due to the heavy burden on judges. In order to solve this problem, the Ukrainian side undertook to make changes to the legislation regarding the consideration of cases in the first instance by one anti-corruption judge or a panel of three anti-corruption judges.

At the end of 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 the court's consideration of proceedings without violation of procedural terms, in connection with which it is proposed to give the court the opportunity to consider individual cases by a single judge.

On April 24, 2024, the Verkhovna Rada adopted the aforementioned draft law in its entirety. It is assumed that consideration of cases in the court of first instance is carried out individually. At the same time, the possibility of consideration of cases by a collegial court consisting of three judges is determined only at the request of the accused in relation to 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 process

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

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

At the beginning of September of this year, it became known that the Cabinet of Ministers [approved](#) the composition of the Commission for auditing the activities of NABU. The commission was formed on the basis of the proposals of international and foreign organizations, which, in accordance with international or intergovernmental agreements, provided Ukraine with international technical assistance in the field of prevention and combating corruption in the last three years prior to the evaluation.

At the same time, on September 4, 2024, [a meeting](#) of NABU and the IMF took place, where the issue of the Bureau's audit was discussed in particular. IMF representatives paid special attention to the need for an independent audit of NABU's activities as soon as possible, based on the principles of transparency and openness. We assume that during the meeting, the issue of postponing the implementation of the structural benchmark was also discussed, because it is unlikely to be implemented on time.



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 process

RRR4U

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

- enabling the Prosecutor General to delegate to the SAP the management of requests for extradition and mutual legal assistance in connection with the investigation of corruption crimes;
- cancellation of the mandatory closure of pre-trial investigations in connection with the expiration of the pre-trial investigation period after notification of suspicion (the so-called "Lozovoyi's amendments" *);
- giving the investigating judge the authority after the end of the deadline and at the request of the accused or the injured persons to prompt the prosecutors to make a decision regarding the pre-trial investigation (either the closing of the proceedings or the completion of the pre-trial investigation), or to refuse to grant the request.

The issue of canceling "Lozovoy's amendments" has been on the Ukrainian agenda for a long time. The Ambassadors of the "Big Seven" (G7) countries, in [a letter](#) dated November 2023 to the Speaker of the Verkhovna Rada, noted the need to cancel the restrictions on the pre-trial investigation period before the notification of suspicion in the CCP "to prevent premature closure of cases." In December 2023, the VRU only partially canceled "Lozovoy's amendments". Therefore, it is not surprising that the Memorandum with the IMF dated June 17, 2024 was supplemented with such a benchmark.

**"Lozovyi's Amendments" are a series of changes to the Codes of Economic Procedure, Civil Procedure, and Criminal Procedure, as well as to the Code of Administrative Procedure of Ukraine and other regulatory legal acts, proposed by People's Deputy Andrii Lozov.*



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

Sector: governance/anti-corruption

Status: in process

In December 2022, the parliament liquidated the Kyiv District Administrative Court (KDAC), which considered disputes involving central executive bodies. The KDAC's cases were to be transferred to the Kyiv Circuit Administrative Court until the new Kyiv City Administrative Court is 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 worsens, 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, indicates the need to create a new administrative court staffed by properly vetted judges.

Therefore, the Ukrainian side undertook to pass a law on the creation of the Supreme Administrative Court of Ukraine (with chambers of the first and appellate instances), in which administrative cases against national state bodies (for example, the NBU, NABU, NACP) will be considered by judges who have passed a proper examination of professional competence and integrity, with the decisive and determining voice of independent experts with international experience as part of the Public Council of International Experts.

At the end of March 2024, it became [known](#) that the CMU had developed a draft law on the Supreme Administrative Court of Ukraine. However, as of the end of September 2024, there is no information that the mentioned draft law has been submitted for consideration by the parliament.



BENCHMARK 37 Improving the management of state-owned enterprises

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

Sector: SOE corporate governance

Status: in process

For years, state-owned enterprises (SOEs) have been a source of inefficiencies and fiscal risks in some places. In order to increase efficiency, the reform of the corporate management of the state-owned enterprises was introduced, but has not yet been completed.

In the Memorandum, the Ukrainian side noted its intentions to increase the efficiency of the SE management through further reforming the corporate management of the SE in close cooperation with international partners, in particular:

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

This is an important benchmark, because today there is virtually no ownership policy, which does not allow SOEs to work effectively. The share of dividends, which should be directed to the budget, is determined each year rather based on the needs of the budget, rather than the need for the SE to work efficiently.

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

However, while the task is to improve the management of the state-owned enterprise, in reality the authorities do not always adhere to the best standards: the head of the board of Ukenergo was dismissed for violations, and two independent members of the supervisory board resigned. Now the international partners expect the appointment of new members of the supervisory board no later than December 2024.

Monitoring the implementation of Ukraine Plan indicators



completed
on time



completed
not on time



in process



not
completed



What to expect from the Ukraine Facility and the Ukraine Plan in Q4 2024?

What was done in August



- On August 6, the **European Council gave the "green light"** to the payment of grants and loans for the fulfilment of 9 indicators of the Q2 2024.
- On August 13, the **State Budget of Ukraine received 4.2 billion EUR from the EU** (2.7 billion EUR non-repayable support and 1.5 billion EUR grants).
- On August 16, the **Ministry of Economy launched an information panel for monitoring the implementation of the Ukraine Plan** under the Ukraine Facility.
- On September 6, the **State Audit Service of Ukraine was granted the status of the Anti-Fraud Coordination Service** within the Ukraine Facility.

What to expect further



- **Ukraine can receive the next tranche by the end of 2024**, provided that all 9 indicators of the Q3 are fulfilled.
- Upon fulfilment of all indicators, **Ukraine must send a corresponding request for 4.2 billion EUR to the European Commission**.
- In turn, the **European Commission and the European Council must support the decision on the allocation of funds**.

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 No. 2.2. Approval of the digitalization plan of State Customs Service of Ukraine

(II quarter of 2024)

Sector: public financial management

Status: completed on time

In December 2023, the National Revenue Strategy (NSS) was approved, which provides for the adoption of a long-term National Strategic Plan for digital development, digital transformation and digitalization of the State Customs Service (SSC). This plan should take into account the Multiannual EU Strategic Plan for Customs (MASP-C), which is the management and planning tool that defines the development of electronic customs systems within the EU.

In accordance with this provision, the Ministry of Finance adopted [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 specified in the Plan of Ukraine.

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



Indicator No. 2.3. Approval of the Budget Declaration for 2025-2027 (II quarter of 2024)

Sector: public financial management

Status: completed on time

Within the framework of the IMF program, several structural benchmarks are provided, which are designed to restore medium-term budgetary planning in order to increase the predictability and predictability of fiscal policy in the medium term. Some of these benchmarks have already been implemented, in particular, the legislation, which provides for the development of the Budget Declaration, has been reinstated. Part of the structural benchmarks is still ahead.

In accordance with the already adopted decisions, the government is currently 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-year forecast and Budget Declaration documents for 2025-2027 must be approved by the government.

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

The budget statement was finally approved on June 28, 2024, the last business day of the quarter. This is probably due to the fact that they were waiting for a positive decision of the Executive Board of the IMF regarding the fourth revision of the Program. Thus, the macro indicators on which the budget indicators of the Declaration for 2025-2027 are based differ from the IMF macro forecast. The budget declaration contains forecast revenues, one of the components of which is an additional package of tax measures. Because there is no certainty about the amount of international support, it remains limited, which has forced the government to predict a reduction in spending on almost all functions except defense in 2025, and also on defense two years later. The expected rapid reduction of the deficit is unrealistic, and therefore the need to increase international aid is urgent.



Indicator No. 2.7. Approval of the Action Plan for the Implementation of the Road Map on Reforming the Management of Public Investments

(II Quarter of 2024)

Sector: public financial management

Status: completed on time

In fact, this is a continuation of the steps provided for in the IMF program: structural benchmarks 19 provided for the adoption [of the Roadmap for reforming the management of public investments](#), which the government approved in December 2023.

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

The Action Plan for the implementation of the Road Map is currently being developed. One of the elements of investment management should be the Electronic System of Responsible Reconstruction - DREAM.

[According to the available information](#), the Action Plan for the Implementation of the Road Map of UPI Reform was adopted on June 18, 2024. At the same time, the text of the Plan has not yet been made public.



Indicator No. 4.2. Appointment of the new head of the National Agency on Corruption Prevention

(II quarter of 2024)

Sector: fight against corruption and money laundering

Status: completed on time

Within the framework of the implementation 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, on the official website of the Cabinet of Ministers of Ukraine, [the Announcement on the terms and conditions of the competition](#) for the position of Head of the National Agency on Corruption Prevention (NACP) was published.

According to the results of the competitive selection, Viktor Volodymyrovych Pavluschyk was appointed the Head of the National Agency on Corruption Prevention by Order No. 162 of the Cabinet of Ministers of Ukraine dated February 27, 2024.



Indicator No. 6.2. Entry into force of the Law on Corporate Governance of State-owned Companies

(II quarter of 2024)

Sector: management of public assets

Status: completed on time

In February, the parliament adopted a law improving corporate governance in Ukraine. In March, it was signed by the president and the law entered into force on the day of its publication.

In fact, this was done earlier than envisaged in the Plan of Ukraine, since in the policy support loan from the World Bank (DPL) the adoption of this law was one of the three conditions for receiving the funds. Ukraine received funds from the World Bank in March 2024.

According to the adopted law, state-owned companies must have supervisory boards whose powers and responsibilities have been specified, and the government must develop a state ownership policy. A compliance, risk management and internal audit mechanism was also introduced.

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



Indicator No. 8.3. Entry into force of the legislation on the revision of the legal basis of BES activity

(II quarter of 2024)

Sector: business environment

Status: done

Ukraine should adopt a new law on the BES, which should be given clear powers in the field of investigation of major economic crimes in accordance with best practices, as well as create legal bases for the activities of the BES in terms of the selection of management and personnel. The law will respect the existing separation of investigative powers of the BES and NABU.

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

On June 20, the Verkhovna Rada adopted draft law No. 10439, the text of which is in line with the requirements of international partners. On June 28, it was signed by the president and the law entered into force.

Next, it is necessary to choose a professional, independent head of the BES and start the process of reforming the institution. The law provides for a change of management and re-certification of all bureau employees. The chairman will be elected by a commission of six members, three of whom are appointed by international experts and three by the Cabinet of Ministers.



Indicator No. 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 No. 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 No. 12.8. Adoption of the mine action strategy until 2033 and the system of prioritization of territories to be cleared

(II quarter of 2024)

Sector: agro-food sector

Status: completed on time

The Plan of Ukraine provides for the approval of a strategic document on mine action for the period until 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 Ukrainian land has been mined and needs demining. Therefore, economic recovery in the de-occupied territories begins with demining. At the same time, according to the Ministry of Economy, Ukraine lacks machines and equipment for demining, which makes the issue of prioritization for demining territories important. 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 the approval by the National Mine Action Authority [of the project of](#) the National Mine Action Strategy until 2033. The document was aimed at 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 the Presidential Decree, in the end, the Mine Action Strategy until 2033 and the operational plan for it for the years 2024-2026 were adopted by [the Resolution of the CMU](#) on June 28, 2024.



Indicator No. 4.1. Increase in the number of employees of the Specialized Anti-Corruption Prosecutor's Office

(III quarter of 2024)

Sector: fight against corruption and money laundering

Status: completed on time

Within the framework of the implementation 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 implement this indicator, the Verkhovna Rada of Ukraine adopted draft law No. [10060](#) dated 08.12.2023, which determined that the total number of employees of the Specialized Anti-Corruption Prosecutor's Office is 15 percent of the statutory maximum number of central and territorial offices of the National Anti-Corruption Bureau of Ukraine.



Indicator No. 4.4. Entry into force of amendments to the Criminal Code and the Criminal Procedure Code (III quarter of 2024)

Sector: fight against corruption and money laundering

Status: in process

In order to fulfill this indicator, several laws should be adopted, which will be aimed at improving the procedure for agreements with the investigation, changing the calculation of pre-trial investigation terms and granting permission for individual consideration of individual cases by a VAKS judge, instead of a collegium.

To implement this indicator, the Verkhovna Rada of Ukraine adopted 2 draft laws - No. [11130](#) on single-person proceedings and No. [10060](#) on peculiarities of calculating pretrial investigation terms. Next up is a draft law on improving the procedure for concluding agreements with the investigation. The essence of these changes, according to [government officials](#), should be to provide greater discretion to the prosecution and the court in choosing the type and (or) amount of punishment imposed on the basis of the agreement. Corrupt persons may be given the right to enter into a plea agreement on the condition of remorse, restitution and testimony of other known crimes, accomplices, thereby exposing them. Thus, it would be possible to expose large schemes and their organizers.

On July 18, the Parliament adopted as a basis draft law No. [11340](#) on improving the institution of agreements with the investigation, however, the draft law received widespread criticism from both Ukrainian civil society and some institutions ([NABU](#), [SAP](#), [others](#)). [The Committee of the Verkhovna Rada on Anti-corruption Policy](#) also indicated in its expert opinion the presence of a corruption-inducing factor.

In its current format, the draft law creates corruption risks because it contains a rule that provides for the possibility of determining a penalty in the form of a fine as a result of concluding an agreement (even if this penalty is not determined by the sanction of the article) without requirements for the disclosure of accomplices and compensation for damages. In fact, it allows you to redeem yourself from responsibility for what you have done. However, [the deputies assure](#) that the draft law will be finalized before the second reading, which will allow to eliminate inherent corruption risks.

On September 17, 2024, another draft law was submitted to the parliament, which changes the regulation of the institution of agreements - No. [12039](#). In general, the version of the draft law makes a better impression than No. [11340](#), however, there are also gaps here, which are important for people's elected officials to work on, in particular, in the area of application of the institution of agreements and special confiscation. So far, the indicator remains unfulfilled.



Indicator No. 4.6. Approval of the action plan for the implementation of the Asset Recovery Strategy for 2023–2025

(III quarter of 2024)

RRR4U

Sector: fight against corruption and money laundering

Status: completed on time

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

For this purpose, the Cabinet of Ministers formed an interdepartmental working group to prepare proposals for the implementation of the Asset Recovery Strategy for 2023-2025.

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

ARMA finalized the draft order and sent the approved draft by letter dated 04.06.2024 for consideration by the Government.

This was preceded by the work of ARMA and other stakeholders on the development of the Plan. The duration of the project development was affected by the need to involve additional stakeholders based on the results of the legal examination conducted by the Ministry of Justice of Ukraine — the State Border Service Administration of Ukraine, the State Special Communications Administration, the Supreme Court, the National Bank of Ukraine, the National Security Agency of the Russian Federation, the National Security Agency, the State Security Service of Ukraine, and the SAP.

As a result, on August 13, 2024, [the Cabinet of Ministers of Ukraine Order No. 759-r](#) approved the previously prepared plan of **measures** for the implementation of the Asset Recovery Strategy for 2024-2025.



Indicator No. 7.6. Approval of the comprehensive Demographic Development Strategy until 2040

(III quarter of 2024)

Sector: human capital

Status: in process

The project identifies the causes of the extremely tense demographic situation in Ukraine and ascertains 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 [at the link](#).

The main challenges and threats to Ukraine's development are defined as: rapid population decline, low birth rate, deterioration of population health, increase in the number of people with disabilities, high rate of premature mortality, mass forced emigration of the population, illegal deportation of Ukrainian citizens abroad and large-scale internal displacement population.

The purpose of the Strategy is to ensure the long-term reproduction of the population of Ukraine, in particular, even in adverse conditions (wars, epidemics, poverty, economic crises, ecological and man-made disasters), the ability of people to adapt to changes while preserving and/or improving key socio-demographic characteristics.

Indicator No. 8.1. Adoption of the Plan of Deregulation Measures

(III quarter of 2024)

Sector: business environment**Status:** completed on time

The indicator provides for the Government's decision to approve the Deregulation Plan (to replace the existing Plan). It is about reducing the number of regulations and reducing control and supervisory functions, strengthening the risk-orientation of inspections.

At the beginning of September, the Government approved an updated [plan of measures for deregulation](#). It envisages 99 measures, a significant part of which is planned to be implemented this year. The plan mainly involves the cancellation of a number of permit documents, which, according to the plan's developers, are outdated or irrelevant. It also provides for the support of several deregulation draft laws previously submitted by the Government to the Verkhovna Rada. This includes draft laws related to state control (5837) and foreign trade (5167). There are also a number of measures to improve the existing regulations.

**Indicator No. 9.5. Entry into force of the legislation on amendments to the State Strategy for Regional Development for 2021-2027**

(III quarter of 2024)

Sector: decentralization and regional policy

Status: completed on time

In 2020, the CMU adopted [the State Regional Development Strategy](#) (DSRD) for 2021-2027. At the same time, due to the full-scale war, the issue of its renewal became urgently important: Ukraine lost part of its territories, some cities and villages were destroyed, and infrastructure and housing facilities were damaged or destroyed throughout the territory of Ukraine. 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 DFRD, which the Ministry of Reconstruction was developing with experts in the second half of 2023. The project of the updated DFRD was [presented](#) in December 2023 and was later refined. .

the government adopted [the updated DSRD](#), which defines new challenges, as well as strategic and operational goals.

[the Action Plan for the implementation of the DSRD](#) was not updated , although it should logically have been changed as well.

However, we transfer this indicator to completed ones.



Indicator No. 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);
- [Procedure for the](#) Functioning of Insider Information Platforms (Resolution No. 137 of 16.12.2024);
- [Requirements](#) for ensuring integrity and transparency in the wholesale energy market (Resolution No. 614 of 27.03.2024); On August 23, 2024, the NEURC [published](#) a draft resolution "On approval of changes to the Requirements for ensuring integrity and transparency in the wholesale energy market." The collection of comments and suggestions lasted until September 9.
- [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 September, 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 No. 15.1. Entry into force 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 in early August, [Law No. 3855-IX](#) was signed by the President. Thus, the Law on the Prevention, Reduction and Control of Industrial Pollution is adopted, however, the document will enter into force only in August 2025, and the cream of the crop provisions on the application of the conclusions of the best available technologies and management methods - 4 years after the end of martial law. Thus, the indicator will be considered fulfilled only after the Law enters into force .

**Indicator No. 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: completed on time

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.

On September 18, the Ministry of the Environment [published](#) the final version of the concept note, which defines the scope of deviations from the EIA and SEA rules, which includes proposals made during the public discussion.

Thus, the indicator completed on time.



Indicator No. 2.1. Approval of the strategic plan for digitalization of the DPS
(IV quarter of 2024)

Sector: public financial management

Status: in process

The implementation of 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 outlined 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 No. 3.6. Legislation on improving the
bankruptcy regime entered into force**

(IV quarter of 2024)

Sector: judicial system

Status: in process

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

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

On September 19, 2024, the Verkhovna Rada adopted the law "On Amendments to the Code of Ukraine on Bankruptcy Procedures and other legislative acts of Ukraine regarding the implementation of Directive 2019/1023 of the European Parliament and the Council of the European Union and the introduction of preventive restructuring procedures" (project No. 10143 dated October 12, 2023) . Now the law must be signed by the president .

**Indicator No. 6.1. Adoption of state ownership policy and ranking of state-owned companies**

(Q4 2024)

Sector: management of public assets

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). Accordingly, the Ministry of Economy [has started](#) work on a new policy, which, in accordance with the requirements of the Law, must be developed within six months after its adoption. The Ministry of Economy informs about the involvement of technical assistance for the development of the new policies, but notes the long time required to obtain results from international partners.

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 No. 7.5. Approval of two strategies: Strategies for reforming psychoneurological and other residential institutions and deinstitutionalization of care for persons with disabilities and the elderly and Strategies for ensuring the right of every child in Ukraine to grow up in a family environment for 2024-2028

(IV quarter of 2024)

Sector: human capital

Status: in process

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

It is necessary to adopt the order of the Cabinet of Ministers "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 order of the Cabinet of Ministers "On approval of the Strategy for ensuring the right of every child in Ukraine to grow up in a family environment for 2024-2028 years".

The mentioned strategies should be focused on the following main directions:

- development of social services to support families with children, persons with disabilities and the elderly for independent living in the community and prevention of institutionalization;
- development of assisted living services for persons with disabilities and elderly people who need additional support;
- provision of family forms of upbringing (for example, foster family, guardianship and adoption) of children left without parental care.



Indicator No. 8.7. Entry into force of legislation on the restoration of market surveillance and control measures for non-food products, including product safety checks

(IV quarter of 2024)

Sector: business environment

Status: completed on time

In order to restore measures of market supervision and control of non-food products, including product safety checks, the resolution of the Cabinet of Ministers of Ukraine on amendments to the Resolution of the Cabinet of Ministers of Ukraine dated 13.03.2022 No. 303 "On the termination of measures of state supervision (control) and of state market supervision in conditions of martial law" (regarding the exclusion of state market supervision from the scope of its application) and recognition as having lost the validity of the Resolution of the Cabinet of Ministers of Ukraine dated 03.05.2022 No. 550 "On the termination of state control of non-food products in conditions of martial law" .

The indicator [was implemented](#) by the Cabinet of Ministers Resolution No. 261 of March 8, 2024 " On Amendments to Resolutions of the Cabinet of Ministers of Ukraine No. 303 of March 13, 2022 and No. 550 of May 3, 2022."

This is necessary for the harmonization of Ukrainian legislation and standards with the EU.



Indicator No. 9.6. Entry into force of legislation for the development of town planning at the local level

(IV quarter of 2024)

Sector: decentralization and regional policy

Status: in process

Within the framework of the implementation of this indicator, it is envisaged to adopt resolutions of the Cabinet of Ministers on the approval of 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, making changes to the resolutions of the Cabinet of Ministers regulating the development of urban planning documentation in the form of electronic documents, management of the Unified State Electronic System in the field of construction, integration and information interaction of registers and cadastres at the state, regional and local level.

In order to implement this indicator, the Cabinet of Ministers of Ukraine developed [Resolution No. 254 dated 05.03.2024](#) "Some issues of the implementation of the experimental project on the creation of the Unified State Register of Administrative 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 systems in the field of construction".



Indicator No. 10.2. Implementation of the market concept of renewable energy (Q4 2024)

RRR4U

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.

On August 13, the Cabinet of Ministers [established](#) an additional annual support quota for enterprises producing electricity from alternative sources for 2024 in the amount of 110 MW. According to the schedule, pilot auctions for the distribution of the support quota are planned to be held already in October-November of this year according to the procedure determined by the Procedure for conducting auctions for the distribution of the support quota, approved by the Resolution No. 1175. as of 27.12.2019. On September 26, the SE "Guaranteed Buyer" [announced](#) holding the first pilot auction on October 31 with a quota of 11 MW of SPP and a maximum price offer of 9 euro cents per 1 kWh.

It is expected that the first power generation facilities put into operation as a result of the pilot auctions will start supplying electricity to the grid in 2025. 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 No. 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.

The draft law is included in [the Plan of](#) legislative work of the Verkhovna Rada for 2024, which was supposed to be considered in July 2024. It is expected that the adoption of this draft law by the Verkhovna Rada, after approval by the government, will ensure the strengthening of 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 No. 11.1. Adoption of the updated National Transport Strategy of Ukraine for the period until 2030

(IV quarter of 2024)

Sector: transport

Status: in process

According to the business survey conducted by IED every month, 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 stability and economic growth. The development of transport routes and the availability of transport services facilitate the movement of goods, both within the state and for export.

Measures to improve the situation in transport will be included in the National Transport Strategy of Ukraine for the period up to 2030, which is planned for adoption.

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

- reconstruction and development of a competitive and efficient transport system in accordance with EU policies and standards, in particular with regard to trans-European transport networks and the goals of decarbonisation of the transport sector, determined at the international and European levels (including through the development of railway, road and inland waterways routes, included to indicative maps of the TENT network, digitization of transport system management, etc.);
- high-quality passenger transportation and unimpeded mobility;
- energy-efficient transport that is safe for people and the environment.

At the beginning of July, the Ministry of Infrastructure published for discussion [the draft resolution of the CMU](#) "On the approval of the National Transport Strategy of Ukraine for the period until 2030 and the approval of the operational plan for its implementation in 2025-2027". Proposals and comments to the Strategy and plan are accepted until August 4, 2024.



Indicator No. 11.2. Adoption of the Strategy for the development and construction of border infrastructure with the member states of the European Union and Moldova until 2030

(IV quarter of 2024)

Sector: transport

Status: in process

Within the framework of the implementation of this indicator, the adoption of the Strategy for the development and construction of border infrastructure with the member states of the European Union and Moldova until 2030 is envisaged.

The strategy will focus on the following key areas:

- reconstruction of checkpoints on the border with Poland, Slovakia, Hungary, and Romania;
- creation of a network of service areas;
- simplification of border crossing procedures (digitalization and introduction of joint control) in accordance with European Union 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

Under the indicator Strategy is approved by the Governmeent.
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 No. 12.5. The Law on the State Agrarian Register entered into force
(IV quarter of 2024)

Sector: agro-food sector

Status: in process

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

The relevant law should focus on the following main areas:

- the state agrarian register (DAR) is recognized as an official public electronic register in the field of agrarian policy and food security with regulation of its mandatory elements, such as the procedure for its management, determination of its data and access by third parties, etc.;
- DAR coverage includes information on stakeholders throughout the agricultural value chain, such as agricultural producers, food processors, water users and others;
- the functionality of DAR has been expanded, which is a prerequisite for receiving financial assistance and allows targeting of technical assistance, other administrative services, as well as the introduction of analytical information, etc.
- registration in the DAR 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 DAR.

On September 19, 2024, the Verkhovna Rada adopted the law "On the information and communication system "State Agrarian Register"" (project No. 11063-d dated June 25, 2024). Now the law must be signed by the president .



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 (NO. 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 No. 1.1. Entry into force of legislation on the reform of wages in the civil service

(I quarter of 2025)

Sector: public administration reform

Status: in process

Over the years, the civil service pay system has been inefficient. A large share was the variable component, which made the predictability of the salary low, and its size depended on the management. Also, a large share of the variable component stimulated the retention of vacant positions in order to pay premiums at the expense of savings in the payroll fund. Such a policy for determining the level of remuneration in the civil service does not correspond to the best international experience.

Indicator 1.1. the entry into force of legislation (including by-laws) that corresponds to the principles of public administration outlined in the program of the Organization for Economic Cooperation and Development (OECD, SIGMA) is foreseen. The reform provides for:

- introduction of remuneration based on the classification of positions by functional direction;
- clear division of wages into a fixed or guaranteed part and a variable part;
- reduction of seniority allowance from 50% to 30%.

Partially relevant changes for 2024 have already been implemented [by the Resolution of the CMU "Issues of remuneration of civil servants based on the classification of positions 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 the changes should be determined by the Law itself: 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 No. 4.3. Increase the personnel of the High Anti-Corruption Court
(I quarter of 2025)

Sector: fight against corruption and money laundering

Status: in process

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.

[11426](#) was registered and voted in the first reading, which provides for the continuation of the work of the PCIE until the completion of the HACC competition, but no later than November 1, 2025, because the term of her authority expires already in October 2024, which will delay the selection procedure of judges.



Indicator No. 4.7. Entry into force of the law on reforming ARMA
(I quarter of 2025)

Sector: anti-corruption and money laundering

Status: in process

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 No. 6.6. Adopt a road map for the separation of public service obligations (PSO) and other activities
(I quarter of 2025)

Sector: state asset management

Status: in process

It is necessary to adopt and publish a roadmap for the mandatory structural separation of activities related to the performance of special duties (PSO, public service obligations) and activities not related to the performance of special duties for all state-owned companies that are assigned special duties. . Such a road map should be based on the determined current level of required accounting methods and include operational measures to separate the accounts of enterprises at different stages of implementing the necessary changes. The road map will contain a description of how accounts will be separated for activities related to and not related to the performance of special duties in all priority state-owned companies, from the list approved by protocol decision of the Cabinet of Ministers.



Indicator No. 7.2. Entry into force of the law on preschool education (I quarter of 2025)

Sector: human capital

Status: completed on time

Today, one of the obstacles to business activity is the lack of labour. At the same time, studies show that the level of participation of women in the labour 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 designed to improve access to quality preschool education in order to attract women with children of preschool age to the labour market.

The reform consists of one step - the entry into force of the Law on Preschool Education, which must 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 operation of a flexible and effective network of preschool education service providers.

The corresponding [law](#) was already adopted by the parliament in June 2024. It regulates the issues defined in the Plan of Ukraine, which can be considered as the implementation of this indicator.



Indicator No. 7.11. Adoption of the Culture Development Strategy of Ukraine
(I quarter of 2025)

Sector: human capital

Status: in process

In Ukraine, there is a lack of a coherent policy for the development of Ukrainian culture, while the relevant issues can now be classified as security issues. These issues were raised several times during public consultations on the preparation of the Plan of Ukraine.

Thus, according to the Plan, the government undertook to adopt the Strategy for the Development of Culture of Ukraine. The Ministry of Culture and Strategic Communications of Ukraine (MSCS) has already [started working](#) on the project .

As determined by MSCS: The Strategy will become a document of medium-term policy planning, will contain a thorough analysis of the current state of affairs, and will also determine the strategic goals, priorities, directions of action and tasks of the state in the field of cultural policy for the period up to 2030.

MSCS invites experts and scientists to provide recommendations for the future draft of the Strategy.



Indicator No. 9.1. Entry into force of legislation on reforming the territorial organization of the executive power
(I quarter of 2025)

Sector: decentralization and regional policy

Status: in process

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.

Currently, work on the draft document is at the final stage of coordination with associations of local self-government bodies. At the beginning of autumn, the Verkhovna Rada should begin consideration of the draft law in the second reading.



Indicator No. 9.4. Entry into force of the legislation on public consultations on public policy issues

(I quarter of 2025)

Sector: decentralization and regional policy

Status: in process

The indicator foresees the entry into force of the Law of Ukraine "On Public Consultations" with its application within 12 months from the date of termination or abolition of martial law in Ukraine. The law will launch a legal mechanism for conducting public consultations during the formation and implementation of state policy, solving issues of local importance, which will create prerequisites for coordinated, efficient and effective political decision-making.

The corresponding [draft law](#) was adopted in June 2024: since June 25, the draft law has been signed by the President. As of September 28, the law has not been signed

The approved draft law provides for the obligation of executive authorities, local self-government bodies, and subjects of power to conduct public consultations during the development of regulatory legal acts. Relevant consultations can take place both in the form of electronic consultations, as well as in the form of round tables and discussions.

As it was foreseen in the Plan of Ukraine, it is proposed that this draft law will enter into force 12 months after the termination or cancellation of martial law.



Indicator No. 12.3. The automated system of public monitoring of land relations has been put into operation. A mass assessment of land was carried out

(I quarter of 2025)

Sector: agri-food sector

Status: in process

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

The necessary regulatory framework was adopted last year. Limited public [monitoring](#) of land deals has been in place since 2021.

In accordance with the monitoring of the NAC, the provision on the mass assessment of land was duplicated in the State Anti-corruption Program. Accordingly, the State Geocadaastre reported on [the execution](#) of calculations for the first stage of land assessment. They emphasized that the work was being done within the limits of available funding.



Indicator No. 12.7. A long-term plan for the development of the irrigation system of Ukraine was adopted

(I quarter of 2025)

Sector: agri-food sector

Status: in process

The Irrigation Development Plan with the plan sets an ambitious goal: the plan will use a method of full economic benefits, aligned with water resources management in a basin approach, based on environmental impact assessment and strategic environmental reform.

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



Indicator No. 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 September 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 No. 14.1. Approval of a new plan for the distribution and use of radio frequencies in Ukraine

(I quarter of 2025)

Sector: digital transformation

Status: in process

The resolution of the Cabinet of Ministers on amendments to the resolution of the Cabinet of Ministers "On the approval of the plan for the distribution and use of the radio frequency spectrum in Ukraine" should enter into force. The resolution should determine the radio technologies allowed for use in Ukraine, with the definition of the radio frequency bands and radio services to which they correspond, as well as the terms of termination of their development and use, as well as the list of promising radio technologies for implementation in Ukraine with the definition of the radio frequency bands and radio services to which they correspond , as well as the terms of their implementation in accordance with the acquis.



Indicator No. 14.2. Entry into force of legislation on strengthening cyber protection capabilities of state information resources and objects of critical information infrastructure

(I quarter of 2025)

Sector: digital transformation

Status: in process

Legislation to align with the NIS and NIS2 Directives should enter into force.
Acts should focus on the following main areas:

- regulation of the mandatory implementation of measures aimed at creating an appropriate legal framework for the implementation of measures to prevent, detect and stop acts of aggression in cyberspace in the conditions of the Russian Federation's war against Ukraine;
- strengthening the level of protection of state information resources and critical information infrastructure from cyber attacks;
- comprehensive improvement of the regulatory and legal framework in the field of cyber security and information protection to strengthen the capabilities of the national cyber security system to counter cyber threats



Indicator No. 14.3. Approval of the action plan for the transfer of public services to electronic form by 2026

(I quarter of 2025)

Sector: digital transformation

Status: in process

For this purpose, it is necessary to develop and adopt the 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 September 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 and legal framework.
- Ensuring the effective functioning of the ETS in Ukraine, compatible with the EU ETS.
- Maintaining an ongoing dialogue to promote engagement and raise awareness among stakeholders regarding the implementation of ETS.

The implementation of ETS 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 No. 3.5. The entry into force of the legislation on the revision of declarations of integrity of judges and their verification procedures

(II quarter of 2025)

Sector: judicial system

Status: in process

The law and acts of the High Qualification Commission of Judges of Ukraine 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 No. 3.8. Improving the enforcement of court decisions.****The law on digitalization of enforcement proceedings came into force**

(II quarter of 2025)

Sector: judicial system

Status: in process

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.

Currently, 2 draft laws are awaiting consideration in the parliament, designed to change the regulation in terms of enforcement of court decisions and digitalisation of executive proceedings — No. [5660](#) dated 06/14/2021 and No. [9363](#) dated 06/07/2023.



Indicator No. 5.4. Improvements in the area of non-performing loan (NPL) resolution

(II quarter of 2025)

Sector: financial markets

Status: in process

The Strategy for the settlement of non-performing loans, developed in accordance with current EU legislation, must be approved. The strategy should be directed to the following main areas:

- strengthening of prudential requirements for the recognition and settlement of problem loans;
- exchange of data on non-performing loans and other relevant market data between financial institutions and government bodies to improve resolution of non-performing loans;
- review of potential obstacles and development of measures to improve the framework for restructuring and resolution of problem loans.

**Indicator No. 7.1. Entry into force of the law on professional education**

(II quarter of 2025)

Sector: human capital

Status: in process

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

That is why it is determined that the law on professional education should define fair rules for the functioning of subjects of educational activity on the market of educational services in the field of professional education. It should also expand the institutional capacity of subjects of educational activity in providing formal and informal professional education. It is also about the importance of regulating the relations of vocational education institutions, national/local and international stakeholders for the sustainable development of human capital in Ukraine.

[The draft law on Professional Education](#) presented by the Ministry of Education and Science in April 2024 did not comply with all these provisions. Therefore, work on the preparation of the draft law continues.



Indicator No. 7.10. Adoption of the resolution of the CMU on procurement of social services

(II quarter of 2025)

Sector: human capital

Status: in process

In Ukraine, the need to receive various social services is growing, and the system of providing such services remains outdated and ineffective. In 2023, the Ministry of Social Affairs and Health started an experiment in the procurement of social care services, but this is only a small part of the necessary changes. At the same time, budget funding is limited, so it should be spent efficiently.

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

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

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

**Indicator No. 8.4. Adoption of SME strategy and action plan for its implementation**

(II quarter of 2025)

Sector: Business environment

Status: Complete

The oGvernment approved [the Strategy for recovery, sustainable development and digital transformation of small and medium-sized enterprises until 2027](#) and the operational plan for it on August 30. The Strategy envisages four strategic goals to restore and facilitate business, promote innovation and green transition, develop skills and entrepreneurship culture, and strengthen competitiveness on the domestic and foreign markets.

The indicators of the implementation of the program, among other things, propose an increase in the export of goods to EUR 60 bn by 2027, of which EUR 35 bn will go to the EU due to an increase in the number of SME exporters to 35 thousand, a decrease in unemployment to 11% and an increase in the share of sales through e-commerce are also expected up to 20%. In the field of science and education, it said that the scientific intensity of GDP will increase to 0.7% due to the increase in expenses for scientific activity to 470 million euros and 1.7 million entrepreneurs will receive training fully or partially at the expense of the state.



Indicator No. 9.2. Research on the necessary measures to grant territorial communities the status of a legal entity

(II quarter of 2025)

Sector: decentralization and regional policy

Status: in process

These indicators do not provide for the adoption of certain legislative acts. It is about the approval and publication on the web portal of the Ministry of Reconstruction of the study on the necessary measures to grant territorial communities the status of a legal entity.

In particular, the issue of research should be the impact of granting the status of a legal entity to communities on the effectiveness 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

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 September 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: management of 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 August 15, 2024, the State Geology and Subsoil Service of Ukraine [published](#) for discussion a draft resolution of the Cabinet of Ministers of Ukraine "On approval of the List of subsoil areas (mineral deposits) that are of strategic importance for the sustainable development of the economy and defense capabilities of the state, which will be provided for use through auctions with sale of special permits for subsoil use". The draft proposes to approve the List of 100 unlicensed subsoil plots that will be made available for use through auctions. Among the minerals with which the areas will be provided for use are ores of aluminum, iron, titanium, lithium, nickel, cobalt, copper, manganese, beryllium, gold, tantalum, niobium, tin, apatite, barite, graphite, potassium salts, fluorite.

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
(Q2 2025)

Sector: management of 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.

On June 5, the Ministry of Environment [published](#) a draft order of the Cabinet of Ministers "On the approval of the Strategy for the implementation of the system of trading quotas for greenhouse gas emissions in Ukraine for the period until 2033." Until July 5, the Ministry of Environment collected proposals and comments.



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

The [draft Strategy](#) states that in order to achieve strategic goal 1 Formation of regulatory and legal acts in the field of implementation of MRV in Ukraine by 2025, in particular:

- making changes to regulatory acts in the field of MRV in accordance with updated EU regulations on monitoring and reporting on GHG emissions, verification and accreditation of verifiers;
- ensuring the full functioning of the improved system of MRV in order to obtain relevant information from all installations covered by ETS, in accordance with the requirements stipulated by legislation in the spheres of MRV and ETS;
- improvement and ensuring the full functioning of the Unified Register of the Ministry of Foreign Affairs;
- creating and ensuring the full functioning of the Unified Register of ETS, compatible with the Unified Register of the Ministry of Foreign Affairs, as well as with the Unified Register of ETS of the EU.

In addition, on October 1, the Ministry of Environment together with the GIZ [will launch](#) training sessions on monitoring, reporting and verification of GHG emissions for plant operators, consultants, verifiers and other interested parties. It is noted that the training sessions were initiated in connection with changes in legislation in the field of MRV that took place in 2023, as well as the absence of mandatory reporting in the relevant field during the war, which led to limited experience of plant operators in the field of MRV. Therefore, the Ministry of Environment decided to organize appropriate measures to ensure that all stakeholders understand the processes and fulfill their tasks.

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Customs reform





Reform of customs and customs legislation

Business identifies customs issues as problematic, and experts often call the work of the State Customs Service ineffective

Effective work of customs - transparency and predictability - better business climate and higher revenues of the State Budget

Effective customs legislation - harmonized with EU rules - clear rules of the game

Reform in this area is the focus of international commitments after 2014:

- The reform of the State customs service is a structural benchmark in several IMF programs
- Implementation of new IT solutions: IMF program and EU MFA
- Changing customs legislation is primarily a direction in European integration, and therefore a focus for the EU



Structural benchmarks in IMF programs

2016

- Adoption of legislation providing for the unification of customs and tax administrations into a single legal entity - **not done**

2019

- Consolidate the existing central and regional divisions of the State Fiscal Service (SFS) into two separate legal entities: the Tax Service and the Customs Service, which will report to the Minister of Finance, by the end of April 2019 **partially implemented: the SFS was separated into STS and SCS, but SCS is actually not a single legal entity**

2024

structural benchmark No. 27 "Entering into force of amendments to the Customs Code of Ukraine in accordance with the best global practices"

- The State Customs Service should continue to report to the Ministry of Finance.
- It is necessary to strengthen the integrity of the staff and to introduce a management selection process based on a transparent competition with the participation of international experts. It is also stated that other reforms in 2024 include (i) modernization of the framework conditions for imposing administrative liability for violations of customs rules and (ii) development of criteria for assessing the impact of the Anti-Corruption Program of the State Customs Service.
- Draft laws [No. 10411](#) and [No. 6490-d](#) were adopted
- **But the launching of new business process in the SCS requires professional people come for a open competition on the position of the Head. Further work on the customs code continues**



Macro-financial assistance of the EU - the status has been fulfilled in all respects, because otherwise the money would not have come (1)

2014

- to ensure that the practice of customs valuation fully complies with WTO standards ([Agreement on the Application of Article VII of the GATT](#) of 1994).

2015-2017

- To promote international trade: (i) take measures to ensure compliance of the Authorized Economic Operator system with EU requirements; and (ii) make progress in preparing to accede to [the Common Transit Convention](#) by adopting an action plan for the implementation of the Convention, particularly in relation to the new automated transit system.

2018-2019

- Adopt a medium-term reform plan for the tax and customs administration with clear outcomes for tax compliance, tax audit, customs and cross-border cooperation and enforcement, and staff integrity.
- To ensure a better balance between customs control and simplification of trade procedures, (a) adopt amendments to [the Customs Code of Ukraine](#) with the aim of introducing the authorized economic operator program and (b) submit to the Parliament a draft law on the implementation of the provisions of the Convention on a unified transit regime and [the Convention into the national legislation of Ukraine on the simplification of formalities in the trade of goods](#), which will allow to start the procedure of joining Ukraine to these Conventions and to apply a new computerized transit system.



Macro-financial assistance from the EU (2)

2020

- Tax and customs administration reform, by conducting a competitive and competency-based selection procedure for the positions of heads of the State Tax Service of Ukraine and the State Customs Service of Ukraine after the end of the quarantine, as well as by implementing tax and customs reform plans, especially regarding the improved VAT monitoring system, based on risk management, development of the concept and methodology of electronic tax audit and the beginning of their public discussion, introduction of electronic cash registers (software registers of settlement transactions) and use of new IT solutions to speed up customs clearance)

2023

- Promotion of customs administration reform, including improvement of IT systems, personnel management and anti-corruption measures

2024-2025 - Ukraine Plan:

- After a rather long and detailed description of the reform in the field of customs, which includes the adoption of the new Customs Code, the reset of customs, etc., only one indicator in this field was determined - Indicator No. 2.2. Approval of the digitalization plan of the State Customs Service



Customs reform and European integration (1)*

A few important components*:

- 1) Harmonization of legislation (primarily Regulations): Ukraine has already adopted a decision on NCTS, AEO, which is in line with EU practice, the Ministry of Finance is drafting a new Customs Code, but it is a long way to change
There are no uniform norms regarding the organizational structure of customs, but it must work efficiently
- 1) Digital transformation of customs / implementation of e-solutions: again, the IT system already contains a number of procedures (NCTS, AEO), but there are still many changes over time

Main functions of customs authorities of EU countries:

- Fiscal function (protection of the interests of the own budget and the EU)
- Protection of formal trade (Ensuring a level playing field for business)
- Consumer protection (fighting counterfeits and counterfeit goods)
- Environmental protection
- Fight against organized crime and terrorism

* See details Analytical work " [The future of Ukrainian customs in the conditions of accession to the EU](#) ", IED, 2024.



Customs reform and European integration (2)*

At the time of accession to the EU, the State Customs Service of Ukraine must meet the following criteria:

- cooperate organizationally, technically and legislatively with other EU customs
- to ensure the principles of legality, transparency and integrity in their activities, and therefore to have high business trust (for this, it is important that the head of the Head of the State Customs Service is chosen in a transparent competition with a clear action plan for the development of customs)
- use IT solutions that are integrated into the EU customs system
- to work within the new system of integrated border management

* See details Analytical work " [The future of Ukrainian customs in the conditions of accession to the EU](#) ", IED, 2024.

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**Monitoring the implementation of the
IMF program and EU assistance**