

№9

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RRR4U

Monitoring the implementation of the IMF programme and EU assistance

SPECIAL TOPIC

Prerequisites and opportunities for attracting
green finance to rebuild Ukraine's economy



Summary

Successful cooperation with international partners remains critical for Ukraine. It is crucial for the financing of priority state budget expenditures (domestic revenues are used for security and defence). That is why **the RRR4U Consortium continues to regularly monitor** Ukraine's compliance with the terms of the IMF financing programme and the implementation of the Ukraine Plan, which is the basis for EU assistance under the Ukraine Facility.

It is not the donors who need to fulfil reforms under financial support programmes - **Ukraine needs them to achieve economic sustainability** and to move towards economic growth and improve the welfare of Ukrainians. It is also a way to gain the trust of all international partners and foreign businesses.

The US and the EU made important decisions to support Ukraine within G7 USD 50 bn package, which will be secured by Russian assets, through the Extraordinary Revenue Acceleration Facility

The current monitoring takes into account the results of the implementation of the beacons and indicators as of **the end of October 2024.**

Ukraine has largely complied with its key commitments under the IMF Programme and the Ukraine Plan, which is the basis for EU assistance to Ukraine.

The IMF allows for some flexibility in this programme, allowing for the postponement of several structural benchmarks during the year. The macroeconomic forecast was revised, which was a challenge for the fifth review. Therefore, **Ukraine has already received USD 1.1 bn from the IMF** as a result of the fifth review of the programme.

For the first time, there was a risk of not receiving a timely tranche from the EU under the Ukraine Facility: one indicator was met only in October. The absence of a mechanism for disbursing partial tranches delays the entire disbursement.

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A new macroeconomic framework

The challenge of the fifth review was to revise the macroeconomic forecast

Previously, the forecast was based on the assumption that the war hostilities would ease in mid-2024, which did not happen. Lower economic growth means larger funding needs

The current forecast assumes that the war of russia against Ukraine will last all of 2025.
High uncertainty remains among the main features of the forecast.

	2024E		2025F	
	4th viewing	5th revision	4th viewing	5th revision
Nominal GDP, bn UAH	7 485	5 442	8 744	8 543
Real GDP, % yoy	2,5-3,5	3,0	5,5	2,5-3,5
Budget deficit, % of GDP	14,2	18,7	7,5	19,2
Budget deficit without grants, % of GDP	20,9	24,5	10,4	20,0

Source: IMF Programme Memoranda, 4th and 5th revisions



Greater need for funding

The financing needs in 2025 increased to USD 41.5 bn

The G7 decision to support Ukraine through Extraordinary Revenue Acceleration (ERA) of USD 50 bn is essential. This support will be secured by frozen russian assets

- EUR 18.1 bn from the EU (if other countries' contributions are smaller, up to EUR 35 bn)
- USD 20 bn from the USA
- USD 3.6 bn from Canada, USD 3 bn from Japan, USD 2.2 bn from the UK

However, these amounts include budgetary and military support, so it is not known how much will go to the budget

There is a lack of confirmed funding for 2026

	2024E		2025F	
	4th review	5th review	4th review	5th review
Financial gap, USD bn	42,6	45,8	25,9	41,5
<i>In particular:</i>				
EU	17,4	17,5	13,7	13,7
USA	7,8	6,2	0,0	0,0
Japan	4,3	4,3	0,0	0,0
Canada	1,8	1,8	0,0	0,0
United Kingdom	1,0	1,0	1,0	1,0
World Bank	0,0	4,8	0,0	0,0
ERA (G7)	0,0	0,0	0,0	19,1
IMF	4,5	5,3	1,8	2,7

Source: IMF Program, 4th and 5th reviews



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 18 October, the IMF Board completed the fifth review of the financing programme. **Ukraine has met all quantitative criteria and one structural benchmark** that we had to meet by the end of June (the evaluation period) - the adoption of the law on Bureau of Economic Security reform. On 23 October, the next **tranche of funding in the amount of \$1.1 bn was transferred to the state budget.**

An important change in the fifth review was the increase in the number of IMF funding tranches in 2025. The Fund did this at the request of the Ukrainian government. **Funding from the IMF in 2025 will increase by \$1.25 bn, while in 2026-2027 Ukraine will receive less money.**

Ukraine was supposed to conduct an external audit of the National Anti-Corruption Bureau by the end of September, but failed to do so. The Fund agreed to postpone the deadline for this benchmark to the end of February 2025. **Instead, the condition for a successful fifth review was a new prior action — the appointment of auditors — which the government did.**

The next sixth review of the IMF programme will take place in December. At that time, our progress will be assessed against quantitative indicators and structural benchmarks with a deadline of the end of September 2024. Ukraine has fulfilled two of the three benchmarks, and the NABU audit has been postponed to February 2025.



The end of October is the deadline for five structural benchmarks:

- ✓ Adopt amendments to the Customs Code
- ✓ Improving medium-term budget planning
- ✓ NBU's assessment of risks to financial stability
- ✓ Improving the management of state-owned enterprises
- ⌚ Audit of the financial condition of heat supply companies

The IMF will evaluate the implementation of the October benchmarks during the seventh review of the program, which is scheduled for March 2025.

Ukraine has already received 55% of the funding under the programme (\$8.65 bn out of the planned \$15.5 bn).

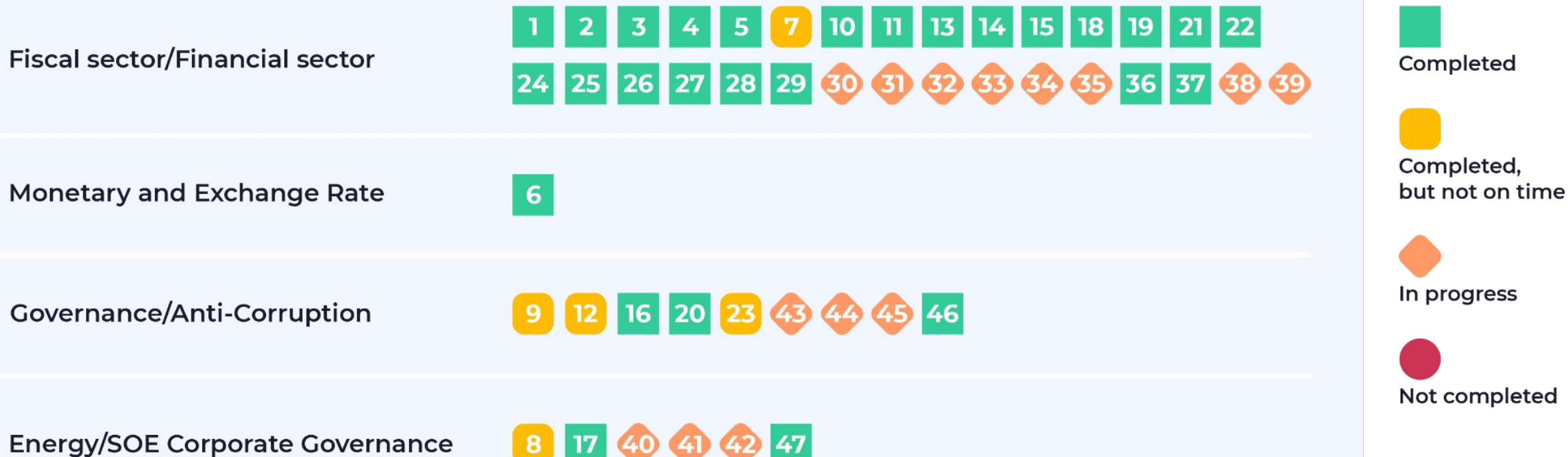


Map of the implementation of structural benchmarks

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The IMF program





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

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 PROGRAMME 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 PROGRAMME 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 PROGRAMME 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 bn. 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 PROGRAMME 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 bn. 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 Q1 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 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 24** 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 25 Defining the link between the Budget Declaration and capital expenditures

(deadline – end of December 2024)

Sector: fiscal sector

Status: completed

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.

To fulfil this benchmark, the government has adopted an [action plan and a timetable for the implementation of a roadmap](#) for the development of public investment management procedures, as well as [criteria for prioritising public investment projects](#) for 2025.

**BENCHMARK 26** 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 27 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 28 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](#), which were signed by the President.

**BENCHMARK 29** Medium-term budget planning: analysis and update

(deadline – end of October 2024)

Sector: fiscal sector**Status:** completed

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).

According to the Ministry of Finance, a report has been prepared with technical assistance from the IMF, which provides a diagnostic review of pre-war policies and practices on medium-term budget planning in comparison with best practices. As of October 30, the text of the report was not made public, but we record this benchmark as "completed".



BENCHMARK 30 Amendments to the Budget Code on the integration of PIM into the budget process, mandatory prioritisation and provision of IT solutions
(deadline – end of January 2025)

Sector: fiscal sector

Status: in progress

This benchmark contains steps to further implement an effective public investment management (PIM) system, the initial steps of which were implemented under benchmarks 18 and 25.

According to the text of the Letter of Intent, amendments to the Budget Code are envisaged to be made in accordance with the above:

- (i) integrate OIP into the budget process, ensuring that only projects that have been appraised and selected in a proper manner are included in the budget;
- (ii) defining the roles of the participants in the IBM process;
- (iii) introduce medium-term planning of public investment, including prioritisation of ongoing projects;
- (iv) establishing mandatory use of the unified IT platform (DREAM, IT systems of the Ministry of Finance and the Ministry of Economy).

All public investment projects should be selected according to the already approved prioritisation criteria, and the Ministry of Finance will be responsible for their financing.

**BENCHMARK 31** Appoint a new head of the Bureau of Economic Security

(deadline – end of February 2025)

Sector: fiscal sector

Status: in progress

This benchmark is a continuation of the previous benchmark on the reboot of the Bureau of Economic Security (BES). Whereas the previous benchmark only required the entry into force of the relevant law, the new benchmark aims to implement the BES reform.

The BES should focus on major economic and financial crimes, and its analytical capacity should be strengthened. The law should also establish robust mechanisms to ensure transparency, accountability and integrity.

The new head of the BES will approve the procedure for the appraisal of the BES employees and form an appraisal commission within three months of his appointment. Anti-money laundering and counter-terrorist financing measures and cooperation with the State Financial Monitoring Service should also be used to further facilitate the detection of tax crimes and smuggling. This requires strengthening the analytical capacities of the authorities and information exchange.

A new BES head must be elected by the end of February 2025.



BENCHMARK 32 Adoption of the methodological framework underpinning the PIM process

(deadline – end of February 2025)

Sector: fiscal sector

Status: in progress

This benchmark contains steps to further implement an effective public investment management (PIM) system, the initial steps of which were implemented under Beacons 18, 25 and 30.

According to the text of the Letter of Intent, the amendments to the TCU to be made in accordance with Maca 30 should form the basis for a decision of the CMU to adopt a methodological framework underlying the EITI process. In particular, this includes the adoption of criteria and procedures for:

- i) project preparation
- (ii) formation of a single project portfolio
- (iii) project evaluations
- (iv) project selection
- (v) identify sources and mechanisms of funding
- (vi) project implementation, monitoring and evaluation

At the same time, the principles for determining the procedures include that the source of funding will be considered only after a decision is made that the project is worth implementing, and that projects will be reviewed comprehensively by the Ministry of Finance, the Ministry of Economic Development and the Ministry of Infrastructure.

It is important to note that the Cabinet of Ministers has already approved the prioritisation criteria for 2025, but they will be changed in the future.



BENCHMARK 33 New tax reporting requirements for digital platform operators
(deadline – end of April 2025)

Sector: fiscal sector

Status: in progress

The authorities reiterated to the IMF their commitment to streamline the simplified tax system in the medium term, which currently provides ample opportunities for tax evasion.

Back in August 2024, the Ministry of Finance discussed with digital platform operators the concept of introducing income reporting for their users. The Ministry of Finance wants to establish an obligation for operators of digital platforms, such as online services offering taxi services, real estate rental, marketplaces and applications for the sale of goods and services, to collect certain information about users of such digital resources and to submit an annual report to the State Tax Service of Ukraine on the income they receive from certain activities.

Such measures are aimed at improving tax administration and broadening the tax base, thereby increasing the amount of taxes collected.

These requirements are to be introduced by the end of April 2025.

**BENCHMARK 34** **Appoint a permanent head of the SCS**

(deadline - end of June 2025)

Sector: fiscal sector

Status: in progress

In line with Structural Adjustment 28, amendments to the Customs Code were adopted, which, among other things, required a competition with the participation of independent experts to select a permanent head of the SCS. The relevant amendments were signed by the President on 17 October 2024.

**BENCHMARK 35** Submit the Budget Declaration for 2026-2028 on time

(deadline – end of June 2025)

Sector: fiscal sector

Status: in progress

The restoration of medium-term budgetary planning is among the important focuses of the IMF Program. That is why quite a few beacons are dedicated to its restoration and effective implementation.

In particular, medium-term budget planning is discussed in Lighthouses 10, 11, 25, and 29.

This is because the reintroduction of medium-term budget planning increases the predictability, transparency, and effectiveness of fiscal policy.



BENCHMARK 36 NBU assessment of risks to financial stability under adverse scenarios and preparation of contingency plans

(deadline – end of October 2024)

Sector: financial sector

Status: completed

There is currently no public information on the implementation of the benchmark, but the NBU's communications are limited by the policy of "silence" until the monetary policy decision is published on 31 October. However, according to the NBU officials, the benchmark has been completed, the assessment has been conducted, and plans have been prepared.



BENCHMARK 37 Systemic state-owned banks fall under the jurisdiction of the Ministry of Finance. Non-systemic state-owned banks are not recapitalised at the expense of the state
(permanent)

Sector: financial sector

Status: completed on time

Three state-owned banks are registered with the CMU (Oschadbank, Ukreximbank, and Privatbank). Ukrgasbank and Sens Bank are state-owned, represented by the Ministry of Finance. In practice, the Ministry of Finance acts as the shareholder of state-owned banks, although key decisions are made by the Government upon the proposal of the Ministry of Finance.

During the war, Sens Bank (formerly Alfa) and PINbank (First Investment Bank) were nationalised. Sense Bank was sold to the state for UAH 1 by the DGF as part of the procedure for withdrawal from the market due to sanctions against its owners. On 17 January 2024, 89% of PINBank's shares were registered to the state, represented by the SPF, based on the decision of the HACC to impose sanctions against the former owner, which came into force in March 2023. On 4 September 2024, 100% of Motor Bank's shares were registered to the state, represented by the State Property Fund. This was also in accordance with the decision of the HACC to impose sanctions, which came into force in June. In September, the SPF transferred USD 6.5 million, or more than a third of the bank's assets as of 1 September, to the Fund for Elimination of the Consequences of Armed Aggression from the accounts of sanctioned persons in Motor Bank.

The benchmark has now been fulfilled: all state-owned banks except PINbank and Motor Bank are systemic and the Ministry of Finance is responsible for their management either directly or through government decisions developed by the Ministry of Finance. As far as we know, the two non-systemic banks do not currently require recapitalisation, but are loss-making. Since the lighthouse is permanent, the status of its implementation may change in the future, in particular if banks managed by the SPF become insolvent.

**BENCHMARK 38** Preparing the framework for bank recovery

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

As an interim step, the DGF and the NBU were to 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 39 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 40 Audit of the financial status of the district heating companies before and after February 2022 (deadline — end of October 2024)*

RRR4U

Sector: energy

Status: in progress

The benchmark will help determine the amount of debt and the financial condition of district heating companies (DHCs), including the reasons for the accumulation of debt before and after the start of the war, on the eve of the 2024/25 heating season. Thus, [according](#) to Naftogaz of Ukraine, as of February 21, 2022, the total overdue debt of DHCs and CHP plants to Naftogaz is 49.1 bn UAH (including 39.3 bn 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 bn UAH, and according to preliminary [estimates, it](#) will exceed 54 bn UAH in 2024. According to the Ministry of Regional Development, as of 16 September, [the total debt of district heating companies for gas consumption](#) was UAH 101.22 bn.

The [Letter of Intent](#) dated 1 December 2023 states that district heating companies have accumulated significant debts to Naftogaz due to the difference in tariffs and the effects of the war. The issue will be resolved when the military pressure on the budget decreases through a new tariff methodology. The President, Prime Minister, Finance Minister, and NBU Governor added that the amount of debt will be determined by an audit firm that will distinguish between debts incurred before and after February 2022.

At the end of December 2023, the Verkhovna Rada registered [draft law No. 10383](#) on compensation for the difference in tariffs, which was developed to address the problem of debt of district heating companies, but as of October 2024, it is still under consideration. The Ministry of Finance does not support the draft law. In May 2024, a new [draft law No. 11273](#) was registered to settle accounts payable of district heating companies. As of the end of October 2024, the draft law is still under consideration.

The issue of auditing the district heating companies was raised in 2019, when the government [instructed](#) the Ministry of Regional Development and the State Audit Service to check the objectivity of the cost of heat and water. In 2022, the Cabinet of Ministers again [initiated](#) an audit to assess whether Naftogaz's fixed prices were a form of subsidy. Between February and September 2023, the State Audit Service audited district heating companies in different regions and found overcompensation of more than UAH 4 bn.

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.

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

**BENCHMARK 41** Strengthening the functional independence of the NEURC

(deadline – end of December 2024)

Sector: energy

Status: in progress

The proposed structural benchmark will contribute to strengthening the NEURC's functional independence. An identical indicator is also mandatory under the Ukraine Facility, which underscores its importance.

In order to bring the Law of Ukraine "On the NEURC" in line with European legislation to ensure the functional independence of the Regulator, amendments to the Law No. 3354-IX "On Lawmaking" should be adopted by the end of December 2024 to exempt the NEURC's regulatory decisions from the state registration procedure. The updated Memorandum on Economic and Financial Policy also mentions the need to implement Article 5 of the NEURC Law, which prohibits state authorities from interfering with the Regulator's activities.

On 27 December 2023, [the](#) NEURC [approved](#) the draft Law "On Amendments to Certain Laws of Ukraine on Strengthening the Independence of the Energy and Utilities Regulator". With this decision, the NEURC launched the implementation of the NEURC Independence [Action Plan](#), which was developed to fulfil 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 Parliament's 2024 Legislative Work [Plan](#), which envisaged its consideration in July 2024, but as of the end of October, no draft law to strengthen the NEURC's independence had been submitted to the Parliament.



BENCHMARK 42 Complete the formation of the Supervisory Board of Ukrenergo, with the majority of 7 members being independent (deadline – end of December 2024)

Sector: energy

Status: in progress

The benchmark is aimed at implementing corporate governance reform at state-owned enterprises. The high-profile dismissal in September 2024 of Ukrenergo's CEO Oleksandr Kudrytskyi, which he [explained as](#) a desire to "take control of investments in reconstruction", and the subsequent resignation of two independent members of the Supervisory Board, who pointed [to a politically motivated](#) decision, have raised serious concerns about governance, including from international partners and market participants. The critical role of Ukrenergo in ensuring the stability of the power system, including during the heating season, only exacerbates this problem.

Currently, Ukrenergo's Supervisory Board consists of 4 members - one independent and three state representatives, which is disproportionate and jeopardises balanced decision-making.

Thus, by the end of 2024, the authorities are committed to complete the formation of the full composition of the Supervisory Board of Ukrenergo (7 members), with independent members constituting the majority of its composition.

By its Order No. 337 dated 09.09.2024, the Ministry of Energy [announced](#) a competitive selection of candidates for the positions of three independent members of the Supervisory Board of Ukrenergo. At the same time, the Ministry of Energy will identify and select candidates for state representatives. The selection of all 7 members - 4 independent and 3 state representatives - is expected to be completed by 9 December 2024.



BENCHMARK 43 Abolish the “Lozovyi’s amendments” and allow the SAPO to manage extradition and mutual legal assistance requests

RRR4U

(deadline — end of December 2024 (postponed from the end of October 2024))

Sector: governance/anti-corruption

Status: in process

The Ukrainian government was unable to fulfil the structural benchmark in time, so its implementation was postponed to the end of December 2024. As a reminder, the structural benchmark provides for amendments to the [Criminal Procedure Code of Ukraine](#), in particular regarding:

- enabling the Prosecutor General to delegate to the SAPO 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 "Lozovyi'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 "Lozovyi'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 CPC "to prevent premature closure of cases." In December 2023, the VRU only partially canceled "Lozovyi's amendments". Therefore, it is not surprising that the Memorandum with the IMF dated June 17, 2024 was supplemented with such a benchmark.

As of the end of October, there is no publicly available information on the submission of a draft law to the parliament to implement this 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 Lozovyi.***

**BENCHMARK 44 Complete the external audit of NABU and publish its report**

(deadline – end of February 2025)

Sector: governance/anti-corruption

Status: not implemented at the end of September 2024/in progress

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

Under the current programme, Ukraine also has problems with the NABU audit. It was supposed to be completed by the end of September 2024. Instead, in early September, the Cabinet of Ministers only [approved](#) the composition of the Commission for the Audit of the NABU (which was defined as a prior action in the [Memorandum of 04.10.2024](#)). The Commission was formed on the basis of proposals from international and foreign organisations that, in accordance with international or intergovernmental agreements, have provided Ukraine with international technical assistance in the field of preventing and combating corruption over the past three years prior to the assessment.

According to the updated [Memorandum of 04 October 2024](#), Ukraine is to conduct an external audit of the NABU with the participation of three independent experts with international experience and publish its report by the end of February 2025.



BENCHMARK 45 Create a new administrative court to replace the dissolved District Administrative Court of Kyiv (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 District Administrative Court of Kyiv (DACK), which considered disputes involving central executive bodies. The DACK's cases were to be transferred to the Kyiv Circuit Administrative Court until the new court is established.

However, the European Commission in its [Report](#) published in November 2023, noted that after the liquidation of the DACK, 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 Cabinet of Ministers of Ukraine 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 46 Adoption of amendments to the law to reform the Accounting Chamber of Ukraine

(deadline – end of December 2024)

Sector: governance/anti-corruption

Status: completed

Today, it is urgent to ensure the independence, strengthen the powers and increase the effectiveness of the Accounting Chamber of Ukraine to fulfil its constitutional function of overseeing public expenditures in accordance with the standards of the International Organisation of Supreme Audit Institutions, as well as to audit all public funds.

The relevant [draft law](#) was already passed in the first reading on 19 September, and the text has already been prepared for the second reading, and on 30 October it was adopted.

The adopted draft law meets the requirements set out in the IMF Letter of Intent, in particular, it: (i) will strengthen the independence of the Accounting Chamber, including the process of selecting new members of the ACU by making it an open, transparent, reliable and competitive procedure, with a decisive and key vote of independent experts with international experience, as well as improving the dismissal procedure; (ii) establish that the ACU shall consist of at least 11 members; (iii) allow the ACU to choose the audit area without any guidance or interference and to have full and timely access to all necessary information and databases to perform its audit functions; (iv) empower the ACU to perform external audit of all public funds (including funds or budgets of local governments, state-owned enterprises and extra-budgetary funds); and (v) establish formal procedures in the legislation for reviewing and monitoring external audit reports and follow-up on audit recommendations, with appropriate financial and technical resources; and (vi) establish a mechanism for periodic peer review by independent experts with international audit experience



BENCHMARK 47 Improving the management of state-owned enterprises

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

RRR4U

Sector: SOE corporate governance

Status: completed

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.

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.

In early October 2024, [the Ministry of Economy presented the draft State Property Policy](#), which was developed together with international partners. It provides for the definition of goals, reporting plans, dividend policy, etc.



PRIOR ACTION 48 Appoint independent auditors to assess the effectiveness of the NABU in investigating corruption, as provided for by law

(primarily)

Sector : governance/anti-corruption

Status: completed

RRR4U

Audits of government agencies, especially anti-corruption agencies, are necessary to ensure transparency of the agency's work, provide an independent assessment of its activities and stimulate further development.

In the [Memorandum on Economic and Financial Policy of 5 December 2018](#), the Ukrainian government promised to complete the external audit of the NABU by the end of July 2019. However, this promise was never fulfilled.

At the end of 2021, the Verkhovna Rada of Ukraine [adopted amendments](#) to the Law of Ukraine "On the National Anti-Corruption Bureau of Ukraine" to bring the provisions of the Law in line with the Constitution of Ukraine and to determine the frequency and procedure for conducting an audit of the institution. The latter is to be conducted annually by the Commission for External Independent Evaluation (Audit) of the National Bureau's Performance consisting of three persons appointed by the CMU based on proposals from international and foreign organisations with relevant experience.

In the updated [Memorandum of 04.10.2024](#), Ukraine promised to fulfil the obligation preceding the external audit as a Prior Action - to approve the composition of the Commission for External Evaluation (Audit) of the NABU's performance of three independent auditors.

[CMU Resolution No. 832-r dated 03.09.2024](#) approved the composition of the Commission for External Independent Evaluation (Audit) of the National Anti-Corruption Bureau (3 independent auditors).

Monitoring of the implementation of Ukraine Plan indicators



completed
on time



completed
not on time



in process



not
completed





Map of the implementation of the indicators of the Ukraine Plan

RRR4U

	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

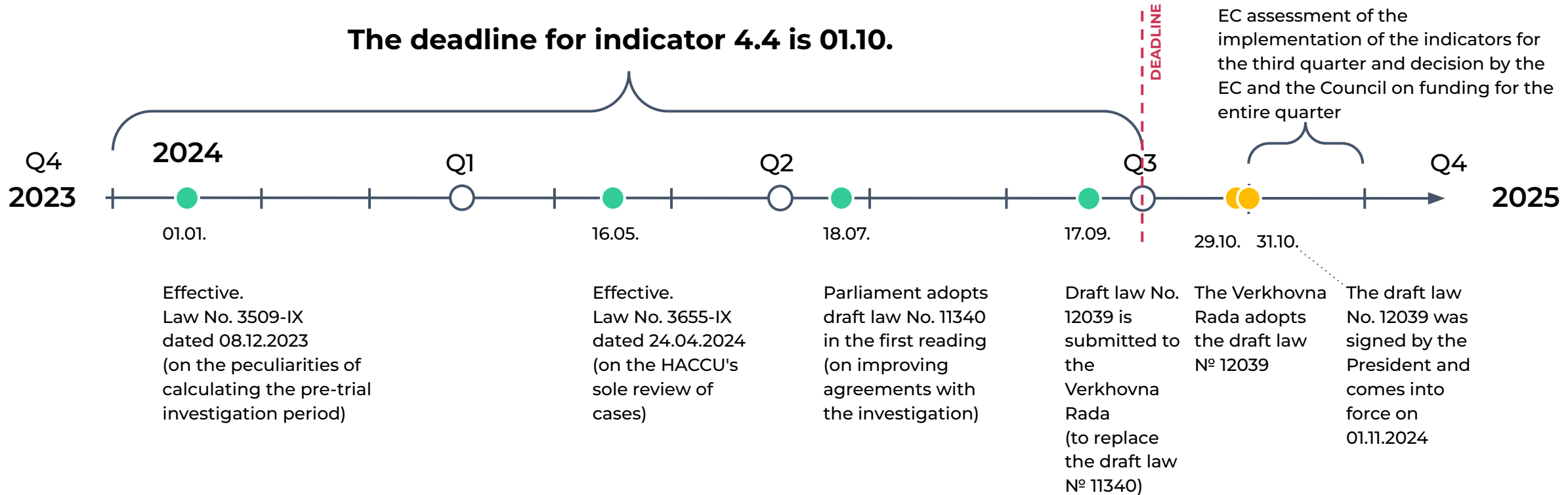


Not completed



How could one unfulfilled indicator lead to the loss of all funding for the quarter?

Analysis of developments around indicator 4.4. "Amendments to the Criminal Code and the Criminal Procedure Code enter into force"





What can we expect from the fourth quarter of 2024?

- Scheduled implementation of **13 indicators for the fourth quarter**;
- Receipt of a tranche **of almost EUR 4 bn** for meeting the third quarter indicators (tentatively in November, subject to a positive opinion from the EC and a decision of the EU Council);
- Launch of the European Commission's **Scoreboard** on the implementation of the Ukraine Plan;
- Opening access to new macro-financial assistance from **the MFA** under the EU-approved [Ukraine Loan Cooperation Mechanism](#) in the amount of up to EUR 35 bn in loans.



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

(Q2 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 (Q2 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

(Q2 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

(Q2 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

(Q2 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 Bureau of Economic Security activity

(Q2 2024)

Sector: business environment

Status: completed on time

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

(Q2 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
(Q3 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

(Q3 2024)

Sector: fight against corruption and money laundering

Status: completed not on time

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 HACC 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.

On September 17, 2024, another draft law was submitted to the Parliament, No. [12039](#), which changes the regulation of the institute of agreements . In general, the version of the draft law makes a better impression than No. [11340](#), but there are gaps that need to be addressed by MPs, in particular, in terms of the scope of the institute of agreements and special confiscation. So far, the indicator remains unfulfilled.

On 10/29/2024, the VRU adopted draft law No. [12039](#) as a basis and as a whole, and on October 31, 2024, the law was signed by the President and comes into force on November 01, 2024.



Indicator No. 4.6. Approval of the action plan for the implementation of the Asset Recovery Strategy for 2023–2025
(Q3 2024)

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 2040 Demographic Development Strategy

(Q3 2024)

Sector: human capital

Status: completed on time

The Demographic Strategy identifies the reasons for the extremely tense demographic situation in Ukraine and states that it has deteriorated 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 main challenges and threats to Ukraine's development are as follows: rapid population decline, low birth rate, deteriorating health status of the population, growing number of people with disabilities, high premature mortality, massive forced emigration, illegal trafficking of Ukrainian citizens abroad and large-scale internal displacement.

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

On 2 October, the Government approved the 2040 Demographic Development Strategy. The next step towards its implementation is the adoption of a detailed Action Plan.

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

(Q3 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**

(Q3 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: completed

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).

On 2 October, the Cabinet of Ministers of Ukraine [approved the](#) terms of reference for the development of an information system to support the NEURC's functions, thus completing the implementation of this indicator.



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: completed on time

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 20 June it was adopted as a basis with revisions. On 16 July, the law was adopted as a whole, and in early August, [Law No. 3855-IX](#) was signed by the President. Thus, the Law on Prevention, Reduction and Control of Industrial Pollution has been adopted, but the document will only come into force in August 2025, and certain provisions on the application of BAT conclusions - 4 years after the end of martial law.

Thus, the Law is effective only with regard to [Article 29\(9\)](#) (Final and Transitional Provisions), which tasks the Cabinet of Ministers to develop by-laws. Formally, the indicator is considered to be fulfilled (the Law has been adopted and is partially in force), but it should be noted that the main provisions will come into force much later.



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
(Q4 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 to improve the
bankruptcy regime entered into force**

(Q4 2024)

Sector: judicial system

Status: completed on time

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

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

On 19 September 2024, the Verkhovna Rada adopted the law "On Amendments to the Bankruptcy Code of Ukraine and Other Legislative Acts of Ukraine on the Implementation of Directive 2019/1023 of the European Parliament and of the Council of the European Union and the Introduction of Preventive Restructuring Procedures" (draft No. 10143 of 12.10.2023). On 22 September, the law was signed by the President.

The law will come into force on 23 January 2025.



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

(Q4 2024)

Sector: state property management

Status: in progress

In March, the law necessary for the development of the new policy came into force, updating the rules for managing state-owned enterprises (indicator 6.2). The Ministry of Economy has accordingly [started](#) working on the new policy. It, according to the Law, should be developed within six months after its adoption. The Ministry of Economy informs that it has engaged technical assistance for project development and is actively working on these documents together with partners involved with assistance funds, but notes the long time required to obtain results from international partners.

Currently, there is a general state ownership policy and policies on state-owned enterprises adopted by the ministries managing state-owned enterprises. However, a new generalised state ownership policy is being developed 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 privatised or liquidated.

In early October 2024, [the Ministry of Economy presented the draft State Property Policy](#), which was developed together with international partners. It provides for the definition of goals, reporting plans, dividend policy, etc.



Indicator No. 7.5. Adoption of two strategies: The Strategy for Reforming Psychoneurological and Other Residential Institutions and Deinstitutionalisation of Care for Persons with Disabilities and the Elderly and the Strategy for Ensuring the Right of Every Child in Ukraine to Grow Up in a Family Environment for 2024-2028

(Q4 2024)

Sector: human capital

Status: in progress

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

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

These strategies should focus on the following key areas:

- development of social services to support families with children, people with disabilities and the elderly to live independently in the community and prevent institutionalisation;
- development of assisted living services for people with disabilities and elderly people who need additional support;
- Providing family-based forms of upbringing (e.g. foster care, guardianship and adoption) for 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

(Q4 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. **Enactment of legislation for urban development at the local level**
(fQ4 2024)

Sector: decentralisation and regional policy

Status: in progress

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

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

Another act of the CMU, namely [Resolution No. 909 of 09.08.2024](#), regulated the implementation of a pilot project to introduce the Urban Planning Cadastre at the state level.

[The CMU Resolution No. 1111 of 26.09.2024](#) amended Resolutions [No. 254](#) and [No. 681](#) (regulating the functioning of the Unified State Electronic System in the field of construction), in particular, introduced the concept of the administrator of the Urban Planning Cadastre and the electronic system for the pilot project, and defined their powers.



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

Sector: energy

Status: in progress

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In line with the reform to improve the regulatory framework to increase the share of renewable energy and ensure stable operation of the energy system, the Ministry of Energy is to introduce a market-based RES concept by the end of the year.

On 1 March, 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 29 December 2019 No. 1175", which provides for improvements to the procedure for holding auctions for the allocation of support quotas for renewable energy facilities. In particular, it introduces a model of contracts for difference for auction winners based on the market premium mechanism instead of a fixed electricity purchase price, 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.

In order to fully meet the indicator (all the necessary procedures and documents for conducting auctions are in place), a schedule for conducting auctions for the next year and setting indicative quota targets for 4 years should be adopted.

On 13 August, the Cabinet of Ministers [issued](#) a decree setting an additional annual support quota for 2024 of 110 MW. According to the schedule, pilot auctions for the allocation of the support quota are scheduled to be held in October-November in accordance with the procedure set out in the Procedure for Holding Auctions for the Allocation of the Support Quota approved by the Cabinet of Ministers of Ukraine on 27.12.2019 No. 1175.

On 26 September, the State Enterprise Guaranteed Buyer [announced that](#) the first pilot auction will be held on 31 October with a quota of 11 MW for SPPs and a maximum price offer of 9 euro cents per 1 kWh. The first power generation facilities commissioned following the pilot auctions are expected to start supplying electricity to the grid in 2025. At the same time, [according](#) to Andriy Gerus, the Parliamentary Committee on Energy, a pilot auction for the construction of 100 MW of renewable energy capacity may be held by the end of 2024.

**Indicator No. 10.10: Ensuring the NEURC's independence**

(Q4 2024)

Sector: energy**Status:** in progress

The regulator [has developed an](#) Action Plan to ensure its independence in accordance with Ukraine's international obligations, including the recommendations of the Energy Community Secretariat, which was sent to the Cabinet of Ministers in December 2023 along with a letter of justification.

On 27 December 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 Regulator launched the implementation of the [Action Plan](#).

The Draft Law is included in the Parliament's 2024 Legislative Work [Plan](#), which envisages its consideration in July 2024. It is expected that the adoption of the draft law by the Verkhovna Rada after the government's approval will strengthen the independent status of the Regulator, as required by the EU acquis, and Ukraine's negotiating position in the EU accession process. Thus, steps have been taken to meet the indicator.

It is worth noting that the fifth review of the IMF cooperation programme included a similar structural beacon: to strengthen the functional independence of the NEURC, amendments to Law No. 3354-IX "On Lawmaking" should be adopted by the end of December 2024 to exempt the NEURC's regulatory decisions from the state registration procedure. The updated Memorandum on Economic and Financial Policy also mentions the need to implement Article 5 of the Law on the NEURC, which prohibits state authorities from interfering with the Regulator's activities.



Indicator No. 11.1. Adoption of the updated National Transport Strategy of Ukraine for the period up to 2030

(Q4 2024)

Sector: transport

Status: in progress

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

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

Thus, in accordance with the Plan of Ukraine, the Strategy will be aimed at achieving the following goals:

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

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



Indicator No. 11.2. Adoption of the Strategy for the Development and Construction of Border Infrastructure with the EU Member States and Moldova until 2030

(Q4 2024)

Sector: transport

Status: in progress

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

The strategy will focus on the following key areas:

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



Indicator No. 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

The indicator assumes that the Strategy is approved by the Government.
The Draft Strategy currently contains the following key strategic objectives:

- Inclusive support for agriculture
- Achieving food security
- Ensuring the resilience of the agricultural sector
- Efficient use of land
- Climate-smart agriculture
- Modernisation of the agri-food sector
- Creating conditions for rural development

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
(Q4 2024)

Sector: agri-food sector

Status: in progress

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

The law should focus on the following key areas:

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

On 19 September 2024, the Verkhovna Rada adopted the law "On the State Agrarian Register Information and Communication System" (draft law No. 11063-d of 25.06.2024). The law must now be signed by the President.



Indicator No. 13.1. Adoption of the Law of Ukraine "On Amendments to the National Programme for the Development of the Mineral Resources Base of Ukraine for the Period up to 2030"

(Q4 2024)

Sector: critical minerals management

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 Programme for the Development of Ukraine's Mineral Resources Base for the Period up to 2030".

The relevant [draft law](#) No. 6227 was registered in the Verkhovna Rada on 27 October 2021.

On 21 February 2024, the Verkhovna Rada Committee on Energy, Housing and Utilities [considered](#) the draft law and recommended that the main Committee on Environmental Policy and Nature Management submit it to the Verkhovna Rada for adoption in the first reading. Additionally, the work plan of the State Service of Geology and Subsoil of Ukraine [provides for](#) the support of Draft Law No. 6227 in the Parliament (for the third quarter of 2024).

On 4 June, the draft law was [adopted](#) as a basis. In turn, the Verkhovna Rada Committee on Environmental Policy and Nature Management was instructed to finalise it with a request for amendments and proposals from the subjects of the right 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 5 to 18 June 2024.



Indicator No. 1.1 Legislation on civil service remuneration reform enters into force (Q1 2025)

Sector: public administration reform

Status: in progress

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

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

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

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



Indicator No. 4.3. Increase the staff of the High Anti-Corruption Court
(Q1 2025)

Sector: anti-corruption and money laundering

Status: in progress

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

This indicator should be viewed in close conjunction with others related to strengthening the capacity of anti-corruption institutions to ensure that they are able to cope with the workload in a reasonable timeframe without being overwhelmed.

Back in 2018, at the beginning of the court's establishment, 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 the opinion of the State Judicial Administration (SJA), which supported the position of the HACC, and proposed that the HCJ temporarily, until the approval of the standards for court staffing and new calculations based on them, 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.

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, the 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. In late April, a [new PCIE](#) was formed. The competition is currently at the stage of [qualification assessment of candidates](#).

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 is still below the target of 40%.

In order to extend the competition for the position of HACC judge, the VRU registered and voted for draft law No. [11426](#), which provides for the continuation of the PCIE's work until the completion of the HACC competition, but no later than 1 November 2025, as its term of office expires in October 2024, which will delay the selection procedure.



Indicator No. 4.7. Law on ARMA reform enters into force
(Q1 2025)

Sector: anti-corruption and money laundering

Status: in progress

To implement this indicator, it is proposed to adopt the Law of Ukraine reforming the National Agency for Finding, Tracing and Management of Assets Derived from Corruption and Other Crimes (ARMA), with its subsequent entry into force. The law should focus on:

- a transparent and merit-based selection process for the head of the agency, including a background check for integrity and credible professionalism;
- independent external performance evaluation system;
- a transparent procedure for the management and sale of seized assets under the agency's control.



Indicator No. 6.6. Adopt a roadmap for unbundling public service obligations (PSO) and other activities
(Q1 2025)

Sector: state assets management

Status: in progress

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



Indicator No. 7.2. Entry into force of the law on preschool education (Q1 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 Strategy for the Development of Culture of
Ukraine
(Q1 2025)

Sector: human capital

Status: in progress

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

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

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

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



Indicator No. 9.1. Legislation on reforming the territorial organisation of the executive branch of government enters into force

(Q1 2025)

Sector: decentralisation and regional policy

Status: in progress

Legislation to implement this indicator should focus on reformatting local state administrations (LSAs) into prefectural bodies in order to organise a proper 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 30 October 2020, but a year later, after three versions of the draft, the consideration of the bill for the second reading was postponed.

In February 2024, the Committee on the Organisation 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, the draft document is in the final stages of coordination with local government associations. In autumn, the Verkhovna Rada is due to start considering the draft law in the second reading.



Indicator No. 9.4. Enactment of legislation on public consultations on public policy issues

(Q1 2025)

Sector: decentralisation and regional policy

Status: in progress

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

The relevant [draft law](#) was adopted in June 2024. In October, [the law](#) was signed by the President.

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

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

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



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

Sector: agri-food sector

Status: in progress

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

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

According to the NACP's monitoring, the provision on mass land valuation was duplicated in the State Anti-Corruption Programme. Accordingly, the StateGeoCadastre reported on the [implementation of](#) calculations for the first stage of land valuation. They stressed that the work was carried out within the available funding.



Indicator No. 12.7. Long-term plan for the development of the irrigation system of Ukraine adopted

(Q1 2025)

Sector: agri-food sector

Status: in progress

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

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



Indicator No. 13.5. Update of the subsoil user's electronic cabinet
(Q1 2025)

Sector: critical materials management

Status: in progress

To implement the reform, the State Service of Geology and Subsoil should update the subsoil user's electronic cabinet, digitise secondary geological information, and ensure the issuance of digital special permits for subsoil use.

28 March 2023. The Ministry of Ecology has [issued an order](#) approving the Regulation on the Subsoil User's Electronic Cabinet, which defines the general principles of its functioning. On 19 May 2023, 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 Law No. 2805-IX dated 01.12.2022 "On Amendments to Certain Legislative Acts of Ukraine on Improving Legislation in the Sector of Subsoil Use".

As of the end of October 2024, according [to](#) the State Service of Geology and Subsoil of Ukraine, the GIS service, online registration of the form for geological works and research, reporting forms for accounting of mineral reserves are in operation, and the service for generating an e-extract from the register of special permits is at the stage of implementation. However, [according](#) to experts, the e-cabinet has its drawbacks and, as long as martial law is in place in Ukraine, will not allow the use of all the announced functionality.

In terms of digitalisation, the pilot phase of the project with the EBRD [was implemented](#): the necessary technical equipment and software were purchased and the first 6,000 books of geological reports were scanned and published on an interactive map. In total, it is planned to digitise 60,000 books of geological reports and graphic annexes and translate metadata into English. According to the State Service of Geology and Subsoil of Ukraine's [report as](#) of the end of October 2024, the first stage of the full inventory and digitisation of primary geoinformation carriers is underway, while the implementation of the second stage with the support of the EBRD, USAID and Microsoft will allow to see the spatial location of deposits and their quantitative and qualitative characteristics.



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

(Q1 2025)

Sector: digital transformation

Status: in progress

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



Indicator No. 14.2. Enactment of legislation to strengthen cyber defence capabilities of state information resources and critical information infrastructure

(Q1 2025)

Sector: digital transformation

Status: in progress

Regulations to be enacted to align with the NIS and NIS2 Directives.
The acts should focus on the following key areas:

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



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

(Q1 2025)

Sector: digital transformation

Status: in progress

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

The action plan should focus on the following key areas:

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



Indicator No. 15.2. Entry into force of the Law "On the Basic Principles of the State Climate Policy"
(Q1 2025)

Sector: green transition and environmental protection

Status: completed

The adoption of the framework climate law is important in view of 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, 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 09.02.2024.

On 8 October 2024, the Verkhovna Rada of Ukraine adopted the Law "On the Basic Principles of the State Climate Policy" (Reg. [No. 11310](#)), which was introduced by the Cabinet of Ministers at the end of May 2024, and on 25 October the Law was signed by the President.

The Law [entered into force on](#) the day following the day of its publication (30 October 2024), except for Article 14 on planning of the state climate policy at the regional and local levels, which enters into force in another 1 year, and Article 21 on financing of measures aimed at achieving the goals of the state climate policy, which enters into force 1 year after the date of cancellation or termination of martial law.

Thus, the indicator is considered to be met.



Indicator No. 15.5. Approval 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 Ecology in June 2024 of a draft order approving an action plan for the establishment of a national greenhouse gas emissions trading system (ETS) [is envisaged](#) in the Government's 2024 Priority Action Plan.

On 5 June, the Ministry of Ecology [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 up to 2033", and proposals and comments were collected until 5 July. At the same time, the process of interagency approval was made transparent: the National Securities and Stock Market Commission provided [comments on](#) the draft order.

The strategy has three main objectives:

- Developing the necessary regulatory framework.
- Ensure the effective functioning of the ETS in Ukraine, compatible with the EU ETS.
- Maintain an ongoing dialogue to facilitate engagement and raise awareness of stakeholders on ETS implementation.

ETS implementation involves three stages:

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



Indicator No. 15.5. Approval of the Action Plan for the establishment of a national greenhouse gas emissions trading system (continued)
(Q1 2025)

Sector: green transition and environmental protection

Status: in progress

In addition, on 30 May 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 under Goal 2 to mitigate climate change and ensure 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 implement a national greenhouse gas emissions trading system (pilot project) (scheduled for 2026).



Indicator No. 3.5. Legislation on review of judicial integrity declarations and procedures for their verification enters into force

(Q2 2025)

Sector: judiciary

Status: in progress

In order to meet the indicator, the law and HQCJ acts should come into force, according to which the integrity declarations 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 timeframes for inspections, defining the rights and obligations of individuals and legal entities involved in the inspection process, and clarifying the legal consequences of inspections.



Indicator No. 3.8. Improved enforcement of court decisions. The law on digitalisation of enforcement proceedings came into force

(Q2 2025)

Sector: judicial system

Status: in progress

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

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 digitalise enforcement proceedings. In particular, this will allow:

- expand the functionality of the automated enforcement system;
- 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 aimed at changing the regulation of the enforcement of court decisions and digitalisation of enforcement proceedings are pending in the Parliament - No. [5660](#) dated 14.06.2021 and No. [9363](#) dated 07.06.2023.

**Indicator No. 5.4. Improvements in resolving non-performing loans (NPLs)**

(Q2 2025)

Sector: financial markets

Status: in progress

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

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



Indicator No. 7.1. The law on vocational education enters into force
(Q2 2025)

Sector: human capital

Status: in progress

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

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

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



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

(Q2 2025)

Sector: human capital

Status: in progress

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

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

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

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

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

(Q2 2025)

Sector: business environment

Status: completed

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. It also projects 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

(Q2 2025)

Sector: decentralisation and regional policy

Status: in progress

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

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



Indicator No. 10.4 Implementation of the Roadmap for the process of unbundling the renewable energy surcharge from the transmission tariff (Q2 2025)

Sector: energy sector

Status: in progress

According to the [Plan of Ukraine](#), 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 renewable 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 FIT, pointing to even greater risks of the state's failure to fulfil its obligations even compared to the current payment crisis.



Indicator No. 13.3. Publication of a package of investment projects for the extraction of critical raw materials
(Q2 2025)

Sector: critical minerals management

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 plots 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 14 February 2023 [approved the](#) list of subsoil areas (fields) of strategic importance for the sustainable development of the economy and defence capability of the state, which will be provided for use through tenders for production sharing agreements. Obviously, the Plan of Ukraine presupposes the need to update and update this list so that other fields can be offered through e-auctions.

On 15 August 2024, the State Service of Geology and Subsoil 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) of Strategic Importance for the Sustainable Development of the Economy and the State's Defence Capability to be Provided for Use through Auctions for the Sale of Special Permits for Subsoil Use". The draft law proposes to approve a list of 100 unlicensed subsoil sites to be made available for use through auctions. The minerals to be auctioned include aluminium, iron, titanium, lithium, nickel, cobalt, copper, manganese, beryllium, gold, tantalum, niobium, tin, apatite, barite, graphite, potassium salts, and fluorite.

On 11 June, at the Ukraine Recovery Conference in Berlin, the Ministry of Economy of Ukraine presented [an Investment Guide](#) containing 95 investment projects worth about \$27 bn in financing. 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 bn in financing.



Indicator No. 13.4. Launching international tenders for production sharing agreements (PSAs) and ensuring their transparency
(Q2 2025)

Sector: critical minerals management

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 the tenders and the PSAs themselves should be ensured through open access to the terms and content of the agreements.

Resolution of the Cabinet of Ministers of Ukraine No. 132 dated 14 February 2023 [approved the](#) list of subsoil plots (deposits) of strategic importance for the sustainable development of the economy and defence 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 subsoil use contracts (agreements), including PSAs, concluded after 15 January 2022 is already required by the Law on Ensuring Transparency in Extractive Industries.



Indicator No. 15.6. Re-establishment of the mandatory health insurance 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 14 November 2023, which improves the requirements for monitoring, reporting and verification of greenhouse gas emissions in Ukraine. This Resolution amends Resolution No. 880 "List of Activities, Greenhouse Gas Emissions from which are Subject to Monitoring, Reporting and Verification", Resolution No. 959 "Procedure for Verification of the Operator's Report on Greenhouse Gas Emissions", 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 5 June, the Ministry of Ecology [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 5 July, the Ministry of Ecology collected suggestions and comments.



Indicator No. 15.6. Re-establishment of a mandatory health insurance scheme
(continued)

(Q2 2025)

Sector: green transition and environmental protection

Status: in progress

The [draft Strategy](#) states that, in order to achieve strategic objective 1, it is planned to develop regulations on the implementation of the ETS in Ukraine by 2025:

- Amendments to the MRV regulations in line with the updated EU regulations on monitoring and reporting of greenhouse gas emissions, verification and accreditation of verifiers;
- Ensure the full functioning of the improved MRV system to obtain relevant information from all installations covered by the ETS in accordance with the requirements of the MRV and ETS legislation;
- Improving and ensuring the full functioning of the Unified Register of IPR;
- establishing and ensuring the full functioning of the Unified ETS Registry, compatible with the MRV Registry and the EU ETS Registry.

In addition, on 1 October, the Ministry of Environment, together with GIZ, [launched](#) training sessions on MRV for facility operators, consultants, verifiers and other stakeholders. It is noted that the training sessions were initiated due to changes in the legislation on MWM that took place in 2023, as well as the lack of mandatory reporting in the relevant area during the war, which led to limited experience of facility operators in the field of MWM. Therefore, the Ministry of Environment decided to organise appropriate measures to ensure that all stakeholders understand the processes and fulfil their tasks.

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