

RRR4U

No. 10

December 2024

Monitoring of the implementation of the IMF program and the Ukraine Plan

SPECIAL TOPIC

*“Corporate governance reform at
state-owned enterprises”*





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Summary.

Implementation of the IMF program and Ukraine Plan

Successful cooperation with international partners is critically important for Ukraine. The financing of priority state budget expenditures depends on this (internal revenues are directed to security and defence). That is why **the RRR4U Consortium continues to regularly monitor** Ukraine's fulfillment of the terms of the IMF financing program and the implementation of the Ukraine Plan, the fulfillment of which is the basis for providing assistance from the EU within the Ukraine Facility.

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

On November 19, Ukraine reached a staff-level agreement with the IMF on the sixth review of the EFF program. Ukrainian authorities met all quantitative performance criteria and structural benchmarks set at the end of September. The revision should be approved by the IMF Executive Board approximately in the second half of December. If so, Ukraine will receive another tranche of financing from the Fund in the amount of about **USD 1.1 bn, and the total amount of payments under the program will reach about USD 9.8 bn.**

On November 14, the European Commission approved the allocation of another tranche to Ukraine for the implementation of the indicators of the Ukraine Plan, which had a deadline of the third quarter of 2024. On December 9, the Council of the EU approved second payment of close to **EUR 4.1 bn under the Ukraine Plan**, so soon Ukraine will receive the second regular payment for the performance of indicators. After receiving this payment, the **total amount of support within the framework of the Ukraine Plan for 2024 will reach EUR 16.1 bn.**



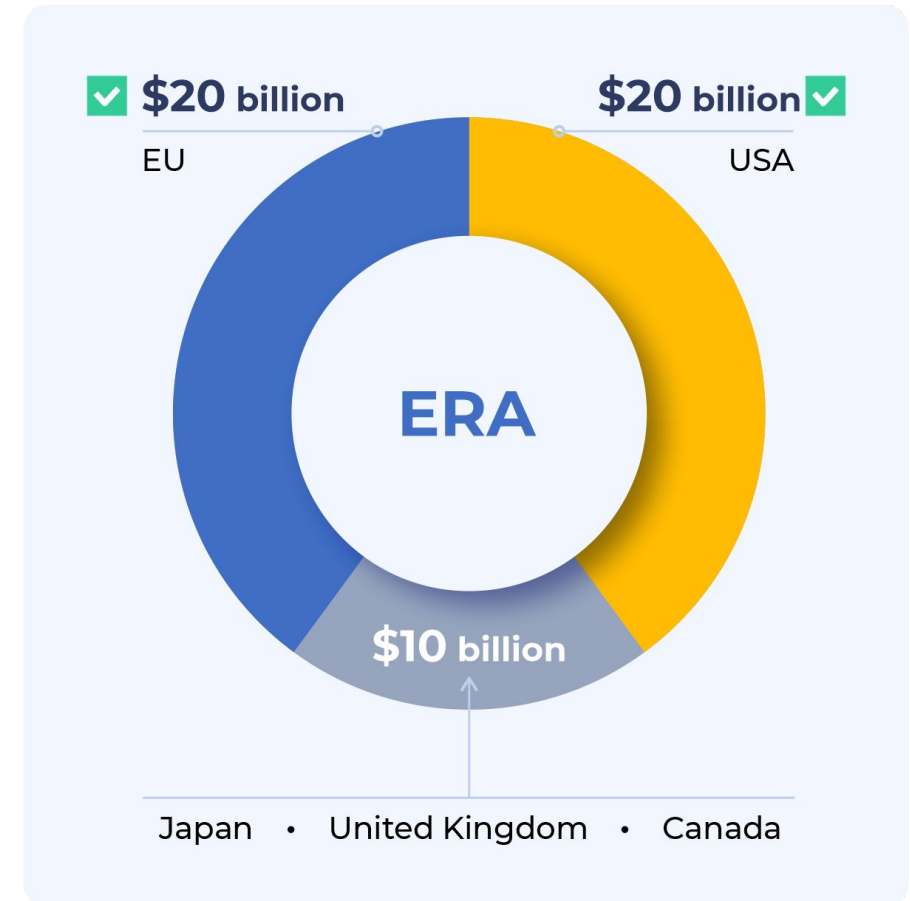
ERA mechanism

In June 2024, **G7 leaders agreed to provide Ukraine with a \$50 billion loan through the ERA** (Extraordinary Revenue Acceleration Loans for Ukraine) mechanism. The loan will be repaid with future profits from frozen Russian assets.

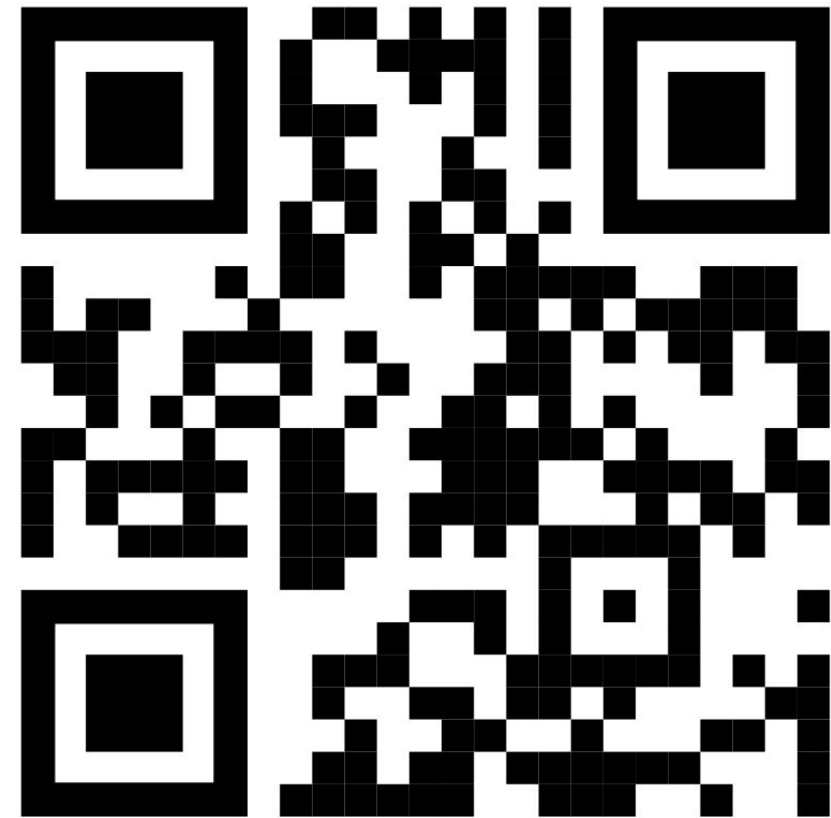
In order to obtain a loan within the framework of the ERA mechanism, on December 3 the Verkhovna Rada adopted draft law No.12232, which amends the Budget Code, to introduce the concept of "conditional debt obligations".

Thanks to the adopted changes, Ukraine will be able not to return USD 50 bn to the G7 if it does not receive reparations from Russia. This money will also not be counted as the state debt of Ukraine.

Financing under the ERA mechanism



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Monitoring of the implementation of structural benchmarks under the IMF program



completed
on time



completed
not on time



in process



not
completed





Status of implementation of the IMF program

On November 19, Ukraine reached a staff-level agreement with the IMF on the sixth review of the cooperation program. The Fund assessed our progress against quantitative indicators and structural benchmarks with a deadline of the end of September 2024. **The sixth review must be approved by the Board of Directors of the IMF — this is scheduled for the second half of December.**

If the IMF Board approves the review, Ukraine will receive another tranche of funding from the Fund in the amount of \$1.1 bn.

The next, seventh, review of the IMF program will take place in March. Our progress will then be assessed against quantitative indicators and structural benchmarks with deadlines in late October and December 2024. Ukraine fulfilled the October benchmarks: the government developed the ownership policy of state-owned enterprises and conducted an audit of heat supply companies, and the NBU assessed key risks for financial stability.



The end of December is the deadline for implementation eight structural benchmarks:

- ✓ Establish a link between medium-term budget planning and capital expenditures
- ⌚ To prepare the principles of rehabilitation of banks
- ⌚ Introduce the NBU's risk assessment methodology
- ✓ Strengthen the independence of the NEURC
- ⌚ Form a supervisory board of Ukrenergo
- ⌚ Undo “Lozovyi amendments”
- ⌚ Create a High Administrative Court
- ✓ Adopt the reform of the Accounting Chamber

Some of the benchmarks — in particular, the repeal of the “Lozovyi amendments” and the creation of the Supreme Administrative Court — are problematic. There is little time left to implement them, and the political will to implement them honestly is also limited.

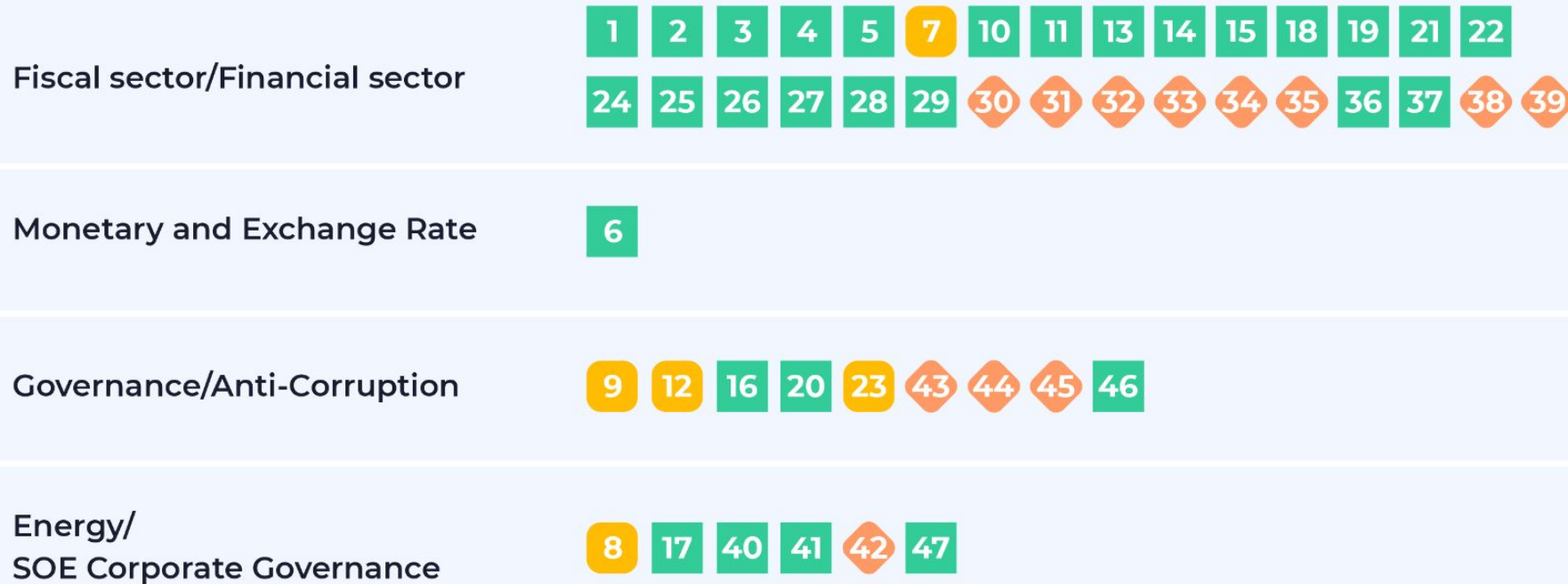
As of December 10, Ukraine had received 55% of the program's funding (\$8.65 bn out of the planned \$15.5 bn).



Map of the implementation of structural benchmarks



The IMF program





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

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Full performance reviews are available here: <http://surl.li/bsrqng>

BENCHMARK No.1 Amendments to the 2023 budget — defense financing (end of April 2023)

Parliament approved government-proposed amendments to the 2023 State Budget to provide for more and sustainable funding for defense and security, as well as funds for emergency reconstruction. In particular, they doubled the expenditure on the reserve fund. They also optimized the structure of managers and united the two ministries into a single Ministry of Community Development, Territories and Infrastructure, to which the Fund for Elimination of the Consequences of Armed Aggression was transferred.

BENCHMARK No.2 Limitation of spontaneous changes to the law on the budget and restoration of medium-term planning (end of May 2023)

For this purpose, a draft law was registered in the parliament, which, among other things, allowed the Council to consider only those changes to the state budget that received an expert opinion from the Ministry of Finance, and also restored medium-term budget planning. In June, the budget committee updated the text, which later became a law (see benchmark No.10 for details)

BENCHMARK No.3 Preparation of tax reform plan for the National Revenue Strategy roadmap (end of May 2023)

The Ministry of Finance has prepared a corresponding action plan, as evidenced by the document of the first evaluation of the IMF program. At the same time, this plan is not publicly available. The document should become the basis for the preparation of the National Income Strategy (see benchmark No.20)

BENCHMARK No. 4 Registration of the draft law on the limitation of state guarantees (end of May 2023)

The corresponding changes are designed to contribute to higher debt sustainability of the state. The norms for the implementation of this benchmark were included in draft law No.9346 together with the norms for the implementation of benchmark No. 2 (see more details about benchmark No. 10)

BENCHMARK No.5 Transparency and accountability of funds in special accounts of the NBU in UNITED24 (end of May 2023)

In April 2023, the parliament adopted the corresponding law (No. 3035-IX), which was supposed to increase the transparency and accountability of accounts opened at the NBU by managers of funds for charitable assistance and donations. First of all, this concerned accounts on the UNITED24 platform. This is how the legal framework for transparent collection of funds and expenses from state charity accounts has finally appeared.



State of execution of benchmarks No. 6 – 9

Full performance reviews are available here: <http://surl.li/bsrqng>

BENCHMARK No.6 Preparation of a strategy for the transition to flexible exchange (end of June 2023)

On June 29, 2023, the board of the NBU approved the Strategy for easing currency restrictions, transitioning to greater exchange rate flexibility, and returning to inflation targeting. The public version of the Strategy [was published](#) on July 7.

BENCHMARK No.7 Restoration of pre-war taxation (end of July 2023)

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 No.8 Corporate governance reform of the GTS Operator: transfer the GTSO shareholding to the Ministry of Energy and adopt the new charter (end of July 2023)

The first part of the benchmark was completed on September 22, when the CMU [handed over](#) the corporate rights of "Operator GTS of Ukraine" LLC to the Ministry of Energy. The second part was completed only at the end of October, when the Ministry of Energy approved the updated charter of GTSOU agreed with the Energy Community Secretariat. The document [appeared](#) on the company's website on October 31.

BENCHMARK No.9 Restoration of declaration by officials (end of July 2023)

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.



State of execution of benchmarks No. 10 – 13

Full performance reviews are available here: <http://surl.li/bsrqng>

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BENCHMARK No.10 Restoration of medium-term budget planning, development of debt strategy and risk limitation under state guarantees (end of September 2023)

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

BENCHMARK No.11 Submission of a medium-term budget forecast and a report on fiscal risks in documents to the draft State Budget for 2024 (end of September 2023)

On September 15, 2023, the government submitted to the Parliament [a draft law](#) on the State Budget for 2024 with a large list of explanatory documents. The package, in particular, contained the following documents: planned CRI of budget programs in 2022-2026; forecasts of budgetary and macroeconomic indicators for 2025-2026, priority goals of fiscal policy; marginal expenses for the period 2022-2026.

BENCHMARK No.12 Strengthening Financial Monitoring of Politically Significant Persons (PEPs) (end of September 2023)

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.

BENCHMARK No.13 Strengthening of banking supervision (end of September 2023)

Implementation of the benchmark will bring banking supervision in Ukraine into line with European Union directives.

Point I: On April 21, 2023, the National Bank of Ukraine [separated](#) the Department of Monitoring of Persons Associated with Banks and the Department of Integrated Supervision of Banks.

Point II: The NBU has introduced oversight panels without public communication about this. The oversight panels are to advise the Supervisory Committee and additionally independently analyze its decisions, facilitate horizontal communications between stakeholders, and highlight issues of particular importance.

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



State of execution of benchmarks No. 14 – 17

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Full performance reviews are available here: <http://surl.li/bsrqng>

BENCHMARK No.14 Tax and customs authorities must prepare a reform plan (end of October 2023)

STS and SCS had to prepare action plans by the end of October, which will later be integrated into the overall National Revenue Strategy. On October 23-27, STS and SCS representatives met with IMF representatives to discuss progress. From the second review of the IMF program, it became known that this benchmark was fulfilled on time and in full.

BENCHMARK No.15 Update and publication of the Medium-Term Strategy for State Debt Management (end of October 2023)

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

BENCHMARK No.16 Simplification of the declaration system of civil servants (end of October 2023)

[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 No.17 Corporate governance reform of the GTS Operator: appointment of a Supervisory Board (end of October 2023)

On October 31, the Government [approved](#) the composition of the Supervisory Board of the company: three independent members and one representative of the state, fulfilling this benchmark on time. At the same time, there remains the question of appointing one more representative of the state to form a full composition of 5 members. [According to the Charter](#), the supervisory board of GTSOU must consist of five members, three of whom must be independent. As of the end of April 2024, 5 members have not been appointed and there are no Government statements on this matter.



State of execution of benchmarks No. 18 – 21

Full performance reviews are available here: <http://surl.li/bsrqng>

BENCHMARK No.18 Better management of public investments (end of December 2023)

Accordingly, in order to change the approaches to the UPI, in December, the CMU adopted a protocol decision on the project [of the Roadmap for reforming the management of public investments](#), which is designed to ensure "the formation of the context, the vision of the main principles and directions for the construction of a holistic, sustainable and effective system of public investment management, which ensures the planning of investment projects on the basis of strategic priorities and the medium-term budget framework, their selection in accordance with unified and transparent procedures and clear criteria and implementation within the planned terms and funding".

BENCHMARK No.19 Approval of the National Revenue Strategy until the end of 2023 (end of December 2023)

The national revenue strategy is designed to create conditions for increasing internal budget revenues. For this, Ukraine must strengthen its ability to collect tax and customs revenues. On December 27, 2023, [the government approved](#) the National Income Strategy, timely fulfilling the conditions for inclusion in the IMF program benchmark.

BENCHMARK No.20 Increasing the institutional independence of the SAP

(end of December 2023)

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

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

BENCHMARK No.21 Changes to the budget to create new sources of income (end of February 2024)

Based on the findings of the revenue task force, which was formed in December 2023, the government was to prepare short-term measures to increase revenues by at least 0.5 percent of GDP, to make appropriate changes to the 2024 budget if necessary.

The additional revenue mobilization measures proposed by the Ministry of Finance envisage an increase in budget revenues by 44.2 billion hryvnias. Among the measures are an increase in revenues from military and excise duties, the introduction of monthly advance payments of income tax by enterprises engaged in fuel retailing.



State of execution of benchmarks No. 22 – 25

Full performance reviews are available here: <http://surl.li/bsrqng>

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BENCHMARK No.22 Concept note on the 5-7-9 program for greater support for SMEs (initially the end of September 2023, postponed to the end of March 2024)

In December 2023, [the government adopted changes](#) to the resolution on providing support within the framework of 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 may in the future be recipients of support) . In March 2024, the government submitted a concept for the 5-7-9 program to the IMF, but it was not made public or officially approved.

BENCHMARK No.23 Optimize and increase the efficiency of HACC work

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

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 No.24 Rebooting BEB (end of June 2024)

On June 20, 2024, the Verkhovna Rada adopted draft law No. 10439, the text of which is in line with the requirements of international partners. It was signed by the president on June 28.

Next, it is necessary to choose a professional, independent head of the BEB 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.

BENCHMARK No.25 Determination of the relationship between the Budget Declaration and capital expenditures (end of December 2024)

This benchmark is actually a continuation of steps to increase the efficiency of public investment management, the road map for reforming which was adopted for the implementation of structural benchmark 18.

To implement this benchmark, the government adopted [an action plan and schedule for the implementation of a road map](#) for the development of public investment management procedures, as well as [criteria for prioritizing public investment projects](#) for 2025.



State of execution of benchmarks No. 26 – 29

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Full performance reviews are available here: <http://surl.li/bsrqng>

BENCHMARK No.26 Preparation of methodology for assessment of tax benefits (end of September 2024, postponed from the end of July)

The review of tax benefits should be a step towards expanding the domestic revenue base without increasing tax rates.

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 No.27 Assessment of fiscal and quasi-fiscal losses from SE (end of September 2024)

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 No.28 Approval of changes to the Customs Code of Ukraine in accordance with the best global practices (end of October 2024)

As stated in the Memorandum, changes to the ICU must be coordinated 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 directions of change should be to strengthen the integrity of the staff and introduce a management selection process based on a transparent competition with the participation of international experts. It is also stated that other reforms in 2024 include (i) modernization of the framework conditions for imposing administrative liability for violations of customs rules and (ii) development of criteria for assessing the impact of the Anti-Corruption Program of the State Customs Service.

The Parliament adopted two draft laws, which together correspond to the above-mentioned provisions: [No. 10411](#) and [No. 6490-d](#).

BENCHMARK No.29 Medium-term budget planning: analysis and update (end of October 2024)

According to information from the Ministry of Finance, with the help of technical assistance from the IMF, a report was prepared, which presents a diagnostic review of pre-war policies and practices regarding medium-term budget planning compared to best practices. As of October 30, the text of the report has not been made public, but we are recording this benchmark as "completed".



BENCHMARK No.30 Changes to the Budget Code of Ukraine on the integration of PIM into the budget process, mandatory prioritization and provision of IT solutions

(end of January 2025)

Sector: fiscal sector

Status: in process

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

According to the text of the Letter of Intent, amendments to the Budget Code are foreseen, according to which the following will take place:

- (i) integration of PIM into the budget process, ensuring the inclusion in the budget of only those projects that passed the assessment and were selected in the established manner;
- (ii) definition of the functions of the participants in the PIM process;
- (iii) introduction of medium-term planning of public investments, including prioritization of current projects;
- (iv) establishment of mandatory use of the unified IT platform (DREAM, IT systems of the Ministry of Finance and the Ministry of Economy).

So, all public investment projects must be selected according to the already approved prioritization criteria, and the Ministry of Finance will report on their financing.

In order to implement this structural benchmark, the government submitted to the parliament [draft law No.12245](#), which amends the Budget Code on the integration of the PIM into the budget process.



BENCHMARK No.31 Appoint a new head of the ESBU

(end of February 2025)

Sector: fiscal sector

Status: in process

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

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

The new head of the ESBU will approve the procedure for the attestation of the Bureau's employees and form an attestation commission within three months from the date of his appointment. Measures in the Sector of combating money laundering and terrorist financing 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 capabilities of authorities and information exchange.

The new head of the ESBU must be elected by the end of February 2025.



BENCHMARK No.32 Approval of the methodological base underlying the PIM process
(end of February 2025)

Sector: fiscal sector

Status: in process

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

According to the text of the Letter of Intent, the changes to the BCU, which must be made in accordance with Article 30, should form the basis of the CMU decision to approve the methodological basis underlying the PIM process. In particular, it concerns the adoption of criteria and procedures for:

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

At the same time, among the principles of determining the procedures is that the source of funding will be considered only after a decision is made that the project is worth implementing, and the consideration of projects will be carried out comprehensively by the Ministry of Finance, the Ministry of Mines and the Ministry of Infrastructure.

It is important to note that the CMU has already adopted prioritization criteria for 2025, but they will be changed in the future.



BENCHMARK No.33 New tax reporting requirements for digital platform operators
(end of April 2025)

Sector: fiscal sector

Status: in process

The authorities have confirmed to the IMF their commitment to streamlining the simplified taxation system, which currently provides ample opportunities for tax evasion, in the medium term.

Back in August 2024, the Ministry of Finance discussed with digital platform operators the concept of introducing reporting on the income of 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 rentals, marketplaces and applications for the sale of goods and services, to collect certain information about the users of such digital resources and annually submit to The State Tax Service of Ukraine report on the income they receive from carrying out certain types of activities.

Such measures aim to improve tax administration and broaden the tax base, thereby increasing the amount of taxes collected.

Such requirements should be implemented by the end of April 2025.

**BENCHMARK No.34** To appoint a permanent head of the State Custom Service

(end of June 2025)

Sector: fiscal sector

Status: in process

In accordance with structural benchmark 28, amendments to the Customs Code were adopted, which, among other things, provided for the need to conduct a competition with the participation of independent experts for the selection of a permanent head of the State Customs Service. The corresponding changes were signed by the President on October 17, 2024.

**BENCHMARK No.35** Submit the Budget declaration for 2026-2028 on time.

(end of June 2025)

Sector: fiscal sector

Status: in process

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

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

This is explained by the fact that the restoration of medium-term budget planning increases the predictability, transparency and efficiency of fiscal policy.



BENCHMARK No.36 NBU assessment of risks to financial stability under adverse scenarios and preparation of action plans in case of unforeseen situations

(end of October 2024)

Sector: financial sector

Status: completed on time

According to NBU officials, the benchmark has been completed, the assessment has been carried out and plans have been prepared. However, there are currently no public communications about this, and in the matrix of reforms as of 01.11, the indicator is not marked as completed



BENCHMARK No.37 System state banks fall under the responsibility of the Ministry of Finance. State-owned non-systemic banks will not be recapitalized using fiscal resources and will be transferred to the DGF for resolution if needed. (constantly)

Sector: financial sector

Status: completed on time

Three state-owned banks have the State represented by the CMU as the shareholder (Oschadbank, Ukreximbank, Privatbank). Ukrgasbank and Sens Bank are owned by the State as represented by the Ministry of Finance. In practice, the functions of a shareholder of state-owned banks are mainly performed by the Ministry of Finance, although key decisions are taken by the Government at the request of the Ministry of Finance.

During the war, Sens Bank (former Alfa), PINbank (First Investment Bank) were nationalized. Sens Bank was sold to the state for 1 hryvnia by the DGF within the framework of the withdrawal from the market due to sanctions against its owners. On January 17, 2024, 89% of PINBank's shares were registered with the State as represented by the SPF based on the decision of HACC to apply sanctions against the former owner, which entered into force in March 2023. On September 4, 2024, 100% of Motor Bank's shares were registered with the State as represented by the State Property Fund. This also happened according to the HACC decision I on the application of sanctions imposed by the National Security Council, which came into effect in June. In September, the SPF transferred 6.5 million dollars, or more than a third of the bank's assets as of September 1 to the Aggression Liquidation Fund from the accounts of sanctioned persons at Motor Bank.

So far, the benchmark has 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 is known, two non-systemic banks currently do not need recapitalization, but are unprofitable. Since the benchmark is permanent, the status of its implementation may change in the future, in particular if the banks managed by the FDM become insolvent.



BENCHMARK No.38 Preparation of the principles of
rehabilitation of banks

(end of December 2024)

Sector: financial sector

Status: in process

The Deposit Guarantee Fund (DGF), the Ministry of Finance and the National Bank of Ukraine should prepare the principles for improving the banking system. The principles of bank recovery will include: (i) support mechanisms for DGF; (ii) measures to strengthen the operational readiness of the banking system for unforeseen situations; (iii) improvement of bank withdrawal procedures and early intervention measures; and (iv) harmonizing the criteria of compliance of counterparties under the NBU's monetary policy operations and under the operations of the lender of last resort with the best international 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 removing insolvent banks from the market, including an analysis of current problems; and (ii) based on the diagnosis, adopt by the end of April 2024 a road map that will set the reform agenda to further strengthen the authorities' capacity to resolve and manage crises in the financial sector, in particular to address key weaknesses by the end of December 2024.

According to our information, by the end of the year, the NBU plans to submit a draft of changes that must be adopted for the approval of the new methodology, and this will be counted as the implementation of the structural benchmark.



BENCHMARK No.39 A new methodology for risk assessment during supervision
(end of December 2024 (postponed from end of June))

Sector: financial sector

Status: in process

The NBU should introduce risk assessment methodologies in its supervision in order to make informed decisions on the priorities of its supervisory activities. The methodology will be applied to all banks, and a supervisory action plan will be prepared by the end of December 2024. While improving its supervisory performance, 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 capacity of banking supervision by developing the necessary professional profiles and implementing a multi-year training program for new employees.

The NBU reports on the implementation of this structural benchmark in the government's Reform Matrix. There is no other publicly available information about it. According to our information, the new methodology is at the stage of final approval and the NBU will finish this process on time.



BENCHMARK No.40 Audit of the financial status of the district heating companies before and after February 2022 (deadline - end of October 2024)*

Sector: energy

Status: completed (needs verification)

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.

As of the beginning of September, according to the Reforms Matrix of the Cabinet of Ministers, the indicator is considered fulfilled, however, information or reports on the implementation of the audit are not publicly available.

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

**BENCHMARK No.41 Strengthening the functional independence of the NEURC**

(deadline - end of December 2024)

RRR4U**Sector:** energy**Status:** completed on time

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 Law No. [3915-IX](#) dated 08.21.2024 amended the Law No. [3354-IX](#) "On Law-Making Activities", which exempted the NEURC from adjusting decisions. In this way, the conflict with the provision of ch. 6 of Article 14 of the Law on the NEURC ("Decisions of the Regulator are not subject to state registration by the Ministry of Justice of Ukraine"). However, the Law "On Law-Making Activities" has only just entered into force, but most of the provisions, in particular regarding the functional independence of the NEURC, are put into effect a year after the end of martial law.

Thus, in fact, the benchmark is completed, however, without being used in practice until the end of martial law.



BENCHMARK No.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

RRR4U

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.

By order dated 09.09.2024 No.337, 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 planned to be completed by December 9, 2024.

Thus, on November 26, the Cabinet of Ministers [approved](#) 4 nominations of the winners of the selection for the positions of members of the supervisory board of Ukrenergo - Greichen Patrick Roland, De Franciski Luigi, Kofod Jeppe Sebastian, Montell Jan Henrik as independent members. In addition, according to [ExPro](#), the mandate of Serhii Halahan and Oleh Skrypnyk as members of the company's board was extended for another six months (until May 11, 2025).

Thus, according to the available information, Ukrenergo currently has 6 members of the supervisory board, and one more candidate is expected to be approved by the end of December.



BENCHMARK No.43 Abolish the “Lozovyi’s amendments” and allow the SAPO to manage extradition and mutual legal assistance requests

(end of December 2024 (postponed from 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.

At the end of October, the Parliament adopted [draft law No. 11265](#) as a basis for implementing the benchmark. At the same time, [according to the Anti-Corruption Action Centre](#), the provisions proposed in the draft law do not fully repeal the "Lozovyi's amendments" and do not fully cover the IMF's requirements. We would like to add that failure to meet this milestone creates a risk of losing more than USD 900 million next spring.

**"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 No.44 Complete the external audit of NABU and publish its report

(end of February 2025)

Sector: governance/anti-corruption

Status: not completed at the end of September 2024/in process

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

Within the framework of the current program, Ukraine also has problems with the NABU audit. After all, it was supposed to be completed by the end of September 2024. Instead, at the beginning of September, the Cabinet of Ministers only [approved](#) the composition of the Commission for conducting an audit of NABU activities (which was defined as a prior action in [the Memorandum of October 4, 2024](#)). The commission was formed on the basis of the proposals of international and foreign organizations, which, in accordance with international or intergovernmental agreements, provided Ukraine with international technical assistance in the Sector of prevention and combating corruption in the last three years prior to the evaluation.

According to the updated [Memorandum of October 4, 2024](#), Ukraine must conduct an external audit of NABU and publish its report by the end of February 2025. The head of the NABU External Audit Commission, Robert Westbrook, [said](#) that the assessment of the NABU activity will be completed on time. The Commission [will assess](#) the effectiveness of NABU activity for the period from March 6, 2023 (the date of appointment of the current director of NABU) to November 18, 2024 (the date of approval of the audit methodology by the Commission).



BENCHMARK No.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.

On December 3, the parliament did not support [draft law No. 12206](#) on the establishment of the High Administrative Court in the first reading, as well as two alternative ones. It should be noted that the new court must be established by the end of this year, so there is a risk that this benchmark will not be completed on time.



BENCHMARK No.46 Adoption of amendments to the law to reform the Accounting Chamber of Ukraine (end of December 2024)

Sector: governance/anti-corruption

Status: completed on time

It is urgently important to ensure the independence, strengthen the powers and increase the effectiveness of the Accounting Chamber of Ukraine (ACU) to fulfill its constitutional function of supervising public expenditures in accordance with the standards of the International Organization of Supreme Financial Control Authorities, as well as to audit all public funds.

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

The approved draft law meets the requirements set out in the Letter of Intent in the IMF program, in particular it will: (i) strengthen the independence of the Accounting Chamber, including strengthening the process of selecting new members of the RPU by turning it into an open, transparent, reliable and competitive procedure, with a decisive and the key voice of independent experts with international experience, as well as improving the dismissal procedure; (ii) establish that the RPU consists of at least 11 members; (iii) will provide the ACU with the opportunity to choose the Sector of the audit without any instructions or intervention and to have full and timely access to all necessary information and databases for the performance of its audit functions; (iv) will authorize the ACU to carry out an external audit of all state funds (including funds or budgets of local self-government bodies, state-owned enterprises, and extrabudgetary funds); and (v) establish formal procedures in legislation for review and monitoring of external audit reports and follow-up on audit recommendations with appropriate financial and technical resources; and (vi) establish a mechanism for periodic expert review by independent experts with international audit experience within ten years from the date of entry into force of the law.

**BENCHMARK No.47 Improving the management of state-owned enterprises**

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

Sector: SOE Corporate Governance

Status: completed on time

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 SOEs in close cooperation with international partners, in particular:

- adopt the law on corporate management of state-owned enterprises ([adopted](#) 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 No.28)
- As **a structural benchmark** a comprehensive state property and dividend policy, as well as a privatization strategy, is envisaged. The privatization strategy will most likely take into account past triage approaches.

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

However, while the task is to improve the management of the state-owned enterprises, in reality the authorities do not always adhere to the best standards: the head of the board of Ukrenergo 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.

At the beginning of October 2024, [the Ministry of Economy presented the project of the State Property Policy](#), which was developed together with international partners. It involves defining goals, reporting plans, dividend policy, etc.



PRIOR ACTION No.48 Appoint independent auditors to assess the effectiveness of the NABU in investigating corruption, as provided for by law (primarily)

RRR4U

Sector: governance/anti-corruption

Status: completed

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.

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 implementation of the Ukraine Plan indicators



completed
on time



completed
not on time



in process



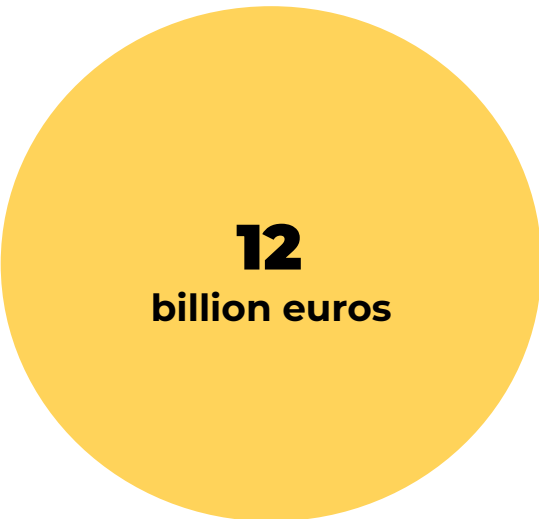
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Ukraine Plan: financing in 2024

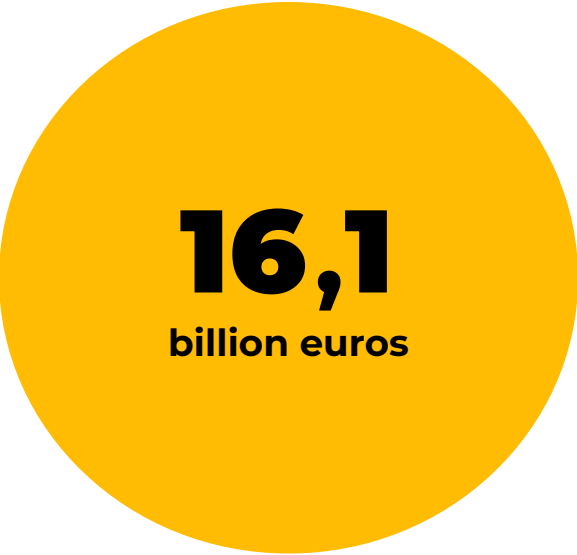
Received	Expected	Total expected funding
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Transitional and unconditional financing + implementation of Q2 indicators



For the implementation of 9 indicators of Q3

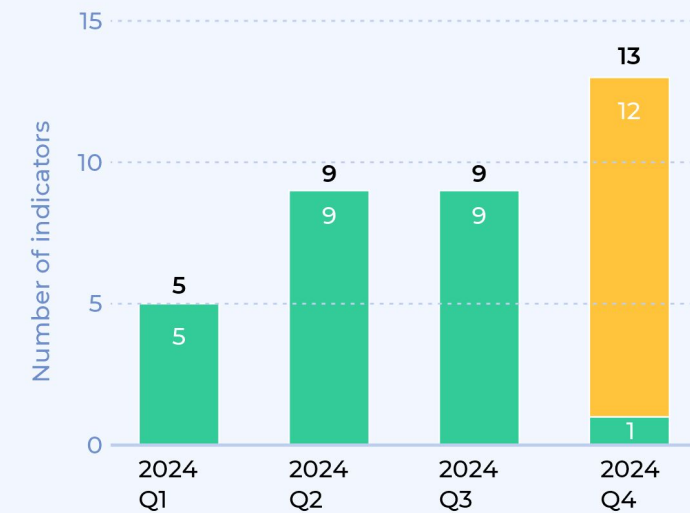




What to expect in December 2024?

- Receiving a tranche in the amount of **EUR 4.1 billion** for the fulfillment of the indicators of Q3 (approximately in mid-December; there is the approval of the European Commission and a positive decision of EU Council);
- Planned implementation of **13 indicators** of Q4 by the end of December;
- The launch of European Commission's dashboard on the implementation of the Ukraine Plan (**Scoreboard**), which will be operational by January 2025 and will be updated twice a year.

Indicators timeline







Status: ■ Done ■ In progress

Data as of 01.11.2024



Map of the implementation of the indicators of the Ukraine Plan

	III 2024	IV 2024	I 2025	II 2025	III 2025
Public Administration Reform			1.1		1.2
Public Financial Management / Management of Public Assets		2.1 6.1	6.6		2.8 6.7 6.9
Fight Against Corruption and money laundering / Judicial System	4.1 4.4 4.6	3.6	4.3 4.7	3.5 3.8	3.1 3.2
Business Environment / Human Capital	7.6 8.1	7.5 8.7	7.2 7.11	7.1 7.10 8.4	8.2 8.8
Energy Sector / Green Transition and Environmental Protection / Management of Critical Raw	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	10.14 13.2 15.4
Agri-food Sector / Transport		11.1 11.2 12.1 12.5	12.3 12.7		12.4
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



Status of implementation of the indicators of the Ukraine Plan scheduled for the second quarter of 2024

Full performance reviews are available here: <http://surl.li/bsrqng>

INDICATOR No. 2.2 Approval of the digitalisation plan of the State Customs Service

The Ministry of Finance, in accordance with the provisions of the NRS, adopted [the Long-term National Strategic Plan](#) for Digital Development, Digital Transformation and Digitalisation of the State Customs Service in February 2024.

INDICATOR No. 2.3 Approval of the Budget Declaration for 2025-2027

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 defence in 2025, and also on defence two years later.

INDICATOR No. 2.7 Approval of the Action Plan for the implementation of the Roadmap on reforming the management of public investments

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 PIM approaches and the competitive selection of projects for budget financing. The plan of measures for the implementation of the Road Map of PIM reform was adopted [in June 2024](#).

INDICATOR No. 4.2 Appointment of the new 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 as the Head of the National Agency on Corruption Prevention by Order No. 162 of the Cabinet of Ministers of Ukraine dated February 27, 2024.



Status of implementation of the indicators of the Ukraine Plan scheduled for the second quarter of 2024

Full performance reviews are available here: <http://surl.li/bsrqng>

INDICATOR No. 6.2 Entry into force of the Law on corporate governance of state-owned enterprises

In February 2024, 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. 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.

INDICATOR No. 8.3 Entry into force of the legislation on the revision of the legal basis of the BES's activity

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. The new legislation will pave the way for updating the management and detectives of the BES through transparent competition. 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.

INDICATOR No. 10.1 Development and approval of the Integrated National Energy and Climate Plan

On June 25, the NECP was [approved](#) by the order of the Cabinet of Ministers, and the text [was published](#) on the website of the Ministry of Economy. In October, the English version of NECP [was published](#).

INDICATOR No. 10.15 Adoption of the Strategy for thermal modernisation of buildings in Ukraine until 2050 and the Action Plan for its implementation

According to [the Order](#) of the Cabinet of Ministers, published December 29, 2023 No. 1228-r were adopted the Strategy for thermal modernization of buildings in Ukraine until 2050, the concept of the State targeted economic program for the support of thermal modernization of buildings until 2030, and the Operational Plan of implementation measures in 2024-2026, which outlines the long-term plan for the gradual renewal of the building stock of Ukraine taking into account energy-saving technologies.

INDICATOR No. 12.8 Adoption of a National Mine Action Strategy until 2033 and a system of prioritization of territories to be cleared

The National Mine Action Strategy until 2033 and the operational plan for it for 2024-2026 were adopted [by the Resolution of the CMU](#) on June 28, 2024.



Status of implementation of the indicators of the Ukraine Plan scheduled for the third quarter of 2024

Full performance reviews are available here: <http://surl.li/bsrqng>

INDICATOR No. 4.1 Increasing the number of employees of the Specialized Anti-Corruption Prosecutor's Office

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 of Ukraine. In order 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% 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

The indicator was executed out of time. On October 29, 2024, the Verkhovna Rada 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 entered into force on November 1, 2024.

INDICATOR No. 4.6 Approval of the Action Plan for the implementation of the Asset Recovery Strategy for 2023–2025

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

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

On September 30, the government adopted the Strategy of Demographic Development of Ukraine until 2040. The next step in its implementation is the adoption of a detailed Action Plan.

INDICATOR No. 8.1 Adoption of the Deregulation Action Plan

At the beginning of September, the Government approved an updated [plan of measures on deregulation](#). It envisages 99 measures, a significant part of which is planned to be implemented in 2024. The plan mainly involves the cancellation of a number of permit documents, which, according to the plan's developers, are outdated or irrelevant. It is also about supporting much deregulation of draft laws, including those on state control (5837) and in the Sector of foreign trade (5167). There are also a number of measures to improve the current regulation.



Status of implementation of the indicators of the Ukraine Plan scheduled for the third quarter of 2024

Full performance reviews are available here: <http://surl.li/bsrqng>

INDICATOR No. 9.5 Entry into force of legislation on amendments to the State Regional Development Strategy (SRDS) for 2021-2027

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

The [Action Plan for the Implementation of the State Regional Development Strategy](#) was not updated, although logically it should also have been changed.

INDICATOR No. 10.8 Implementation of the REMIT Law

The following procedures and requirements were approved by the NEURC:

- [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

On July 16, 2024, the act was adopted as a whole, and in early August, the [Law No. 3855-IX](#) was signed by the President.

INDICATOR No. 15.10 Development of 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.

**Indicator No. 2.1 Approval of the strategic plan for digitalization of the STS**

(IV quarter of 2024)

Sector: public financial management

Status: in process

The implementation of this indicator envisages the adoption of the Strategic Plan for digital development, digital transformation and digitalization of the State Tax Service, taking into account the recommendations outlined in the National Revenue Strategy until 2030.

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

As of the beginning of December, the STS did not issue any public communication regarding the development of the strategic plan, and in its responses to the requests of public organisations, it refuses to provide public information regarding the status of the development of the document, explaining this by the fact that its creation is still in progress.



Indicator No. 3.6 Legislation on improving the bankruptcy regime entered into force

(Q4 2024)

Sector: judicial system

Status: done

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

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

On September 19, 2024, the Verkhovna Rada adopted the law "On Amendments to the Code of Ukraine on Bankruptcy Procedures and other legislative acts of Ukraine regarding the implementation of Directive 2019/1023 of the European Parliament and the Council of the European Union and the introduction of preventive restructuring procedures" (project No. 10143 dated October 12, 2023) . On September 22, the law was signed by the President.

The law will enter into force on January 23, 2025.



Indicator No. 6.1 Adoption of the policy of state ownership and triage of SOEs

(IV quarter of 2024)

Sector: management of public assets

Status: in process

In March 2024, the Law that updated the rules for managing state-owned enterprises, necessary for the development of the new Policy, entered into force (indicator 6.2). On November 29, 2024, the government approved [the State Ownership Policy](#). The policy provides for the basic principles of managing state-owned enterprises, the procedure of their distribution to those that will be left in state ownership, to ensure the goals of state policy, and that will be privatized, liquidated or reorganized for partial privatization. The category of enterprises that will remain in state ownership during martial law is also defined.

To implement Indicator 6.1. it is still necessary to adopt a decision on triage, i.e. to divide state-owned enterprises into three groups: strategic in state ownership, for liquidation or privatization. [The Resolution of the Cabinet of Ministers of Ukraine](#), which approves the Ownership Policy, instructs the Ministry of Economy to divide state-owned enterprises into categories by December 31, i.e. just before the deadline for implementing this indicator. The policy provides for the priority of medium-term objectives of the activities of enterprises that will remain in state ownership over the maximization of funds that will be transferred to the state budget.



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

(Q4 2024)

Sector: human capital

Status: in process

The indicator is part of a reform to improve social infrastructure. It is necessary to adopt the order of the Cabinet of Ministers "On approval of the Strategy for reforming psychoneurological and other residential institutions and deinstitutionalization of care for persons with disabilities and the elderly" and the order of the Cabinet of Ministers "On approval of the Strategy for ensuring the right of every child in Ukraine to grow up in a family environment for 2024-2028 years".

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

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

The strategy for ensuring the right of every child in Ukraine to grow up in a family environment was approved by the Cabinet of Ministers of November 26, 2024. No. 1201

The strategy for reforming residential and psychoneurological institutions for adults is undergoing a discussion stage: on December 6, the document was discussed with the participation of the public sector.



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 inspections

(Q4 2024)

Sector: business environment

Status: done

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 under martial law" (regarding the exclusion of state market supervision from the Sector of its application) and recognition as having lost validity, Resolution of the Cabinet of Ministers of Ukraine dated 03.05.2022 No. 550 "On the termination of state control of non-food products under martial law".

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

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



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

(IV quarter of 2024)

Sector: decentralisation and regional policy

Status: done

This indicator envisages the adoption of resolutions of the Cabinet of Ministers approving the Procedure for maintaining the state-level urban planning cadastres, 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 sector

Status: completed on time

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.

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. According to the results, only 0.9 MW of hydropower was selected from the 110 MW quota (88 WPP, 11 MW each - SPP and other types of RES). However, as [noted](#), the first auctions made it possible to test the process of their organization and conduct at all stages and to identify the shortcomings of the model.

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 November 29, the Cabinet of Ministers [approved](#) for 2025 the schedule of auctions for the distribution of renewable energy support quotas, as well as forecast indicators of renewable energy support quotas until 2029. Thus, in accordance with Order No. [1195](#), the government set the annual RES support quota at the level of 330 MW, the maximum price for WPPs and SPPs is 8 euro cents/kWh, for other types - 12 euro cents/kWh.

Thus, the indicator is considered completed on time.

**Indicator No. 10.10 Ensuring the independence of the NEURC**

(Q4 2024)

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

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](#).

It is worth noting that a similar structural benchmark has been included in the framework of the cooperation program with the IMF following the results of the fifth review: in order to strengthen the functional independence of the Regulator, it is necessary to adopt amendments to the Law No. 3354-IX "On Law-Making Activities" by the end of December 2024 to exempt NEURC`s 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 bodies from interfering in the activities of the Regulator.

Thus, the Law No. [3915-IX](#) dated 08.21.2024 amended the Law No. [3354-IX](#) "On Law-Making Activities", which exempted the NEURC from adjusting decisions. In this way, the conflict with the provision of ch. 6 of Article 14 of the Law on the NEURC ("Decisions of the Regulator are not subject to state registration by the Ministry of Justice of Ukraine"). However, the Law "On Law-Making Activities" has only just entered into force, but most of the provisions, in particular regarding the functional independence of the NEURC are put into effect a year after the end of martial law.

Thus, in fact, the indicator is completed, however, without practical application until the end of martial law.



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

(IV quarter of 2024)

Sector: transport

Status: in process

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

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

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

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

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

(IV quarter 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.

On November 25, 2024, the The Ministry for Communities and Territories Development of Ukraine released [a public communication](#) and [draft](#) Strategy for the Development and Construction of Border Infrastructure with the EU Member States and Moldova until 2030. It is expected that the Cabinet of Ministers' order approving the Strategy will be adopted by the end of this year.



Indicator No. 12.1 Adoption of the Strategy for the Development of Agriculture and Rural Territories until 2030

(IV quarter of 2024)

Sector: agri-food sector

Status: done

The indicator assumes the approval of the Strategy by the Government. The draft Strategy was developed and first presented in March. The revised text was presented to a wider audience in June and underwent public discussion on the website of the Ministry of Agrarian Policy. The Government approved [the final version](#) of the Strategy on November 15, 2024.

The strategy currently includes the following main strategic goals:

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



Indicator No. 12.5 The Law on the State Agrarian Register came into force
(Q4 2024)

Sector: agri-food sector

Status: done

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

The relevant law should focus on the following main Sectors:

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

On September 19, 2024, the Verkhovna Rada adopted the law "On the information and communication system "State Agrarian Register" (project No. 11063-d dated June 25, 2024). On October 17, the President signed the law.



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: management of critical raw materials

Status: in progress

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

[According](#) to the Ministry of Economy, as of November, the draft law was being prepared for the second reading.



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

(I quarter of 2025)

Sector: public administration reform

Status: in process

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

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

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

Partially relevant changes for 2024 have already been implemented [by the Resolution of the CMU "Issues of remuneration of civil servants based on the classification of positions in 2024"](#): accordingly, in 2024, approaches to remuneration based on grades were changed and the variable component of remuneration was reduced. At the same time, these the changes should be determined by the Law itself: the corresponding draft law has already been registered in the Verkhovna Rada [No. 8222](#), which was adopted by basis as early as 07/28/2023.



Indicator No. 4.3 Increase the personnel of the High Anti-Corruption Court
(I quarter of 2025)

Sector: fight against corruption and money laundering

Status: in process

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

**Indicator No. 4.7. Entry into force of the law on reforming ARMA**

(I quarter of 2025)

Sector: fight against corruption and money laundering

Status: in process

To implement this indicator, it is proposed to adopt the Law of Ukraine reforming the National Agency for Finding, Tracing and Management of Assets Derived from Corruption and Other Crimes (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 road map for the separation of public service obligations (PSO) and other activities

(Q1 2025)

Sector: management of public assets

Status: in process

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



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

Sector: human capital

Status: done

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

That is why, one of the indicators of the Plan of Ukraine is a reform designed to improve access to quality preschool education in order to attract women with children of preschool age to the labor 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 Sector of preschool education;
- decent working conditions for employees in the Sector 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 for Ukraine, which can be considered as the fulfillment of this indicator.



Indicator No. 7.11 Adoption of the Culture Development Strategy of Ukraine

(I quarter of 2025)

Sector: human capital

Status: in process

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

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

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

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



Indicator No. 9.1 Entry into force of legislation on reforming the territorial organisation of the executive power

(I quarter of 2025)

Sector: decentralisation and regional policy

Status: in process

Legislation to implement this indicator should focus on reformatting local state administrations (LSAs) into prefecture-type bodies in order to organize a reasonable system of ensuring legality in the activities of local self-government bodies, ensuring coordination of territorial bodies of central executive bodies in the implementation of state policy on the ground.

The corresponding draft law No. [4298](#) was registered on October 30, 2020, but a year later, after three revisions of the draft, consideration of the draft law was postponed until the second reading.

In February 2024, the Committee on the Organization of State Power, Local Self-Government, Regional Development and Urban Planning [recommended an updated draft law for the second reading](#), in particular, the status of civil servants was returned to LSA heads and their deputies, the procedure for appointing and dismissing LSA heads was updated, and a supervision system was introduced according to the legality of local government decisions.

Currently, work on the draft document is at the final stage of coordination with associations of local self-government bodies. In autumn, the Verkhovna Rada was supposed to start consideration of the draft law in the second reading, but as of the beginning of December, this has not yet happened.



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

(I quarter of 2025)

Sector: decentralisation and regional policy

Status: in process

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 abolition of martial law in Ukraine. The law will launch a legal mechanism for conducting public consultations during the formation and implementation of state policy, solving issues of local importance, which will create prerequisites for coordinated, efficient and effective political decision-making.

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

The approved draft law provides for the obligation of executive authorities, local self-government bodies, and subjects of power to conduct public consultations during the development of regulatory legal acts.

Relevant consultations can take place both in the form of electronic consultations, as well as in the form of round tables and discussions.

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



Indicator No. 12.3 An automated system for public monitoring of land relations is in place. A mass land assessment has been carried out.

(I quarter of 2025)

Sector: agri-food sector

Status: in process

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

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

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



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

(I quarter of 2025)

Sector: agri-food sector

Status: in process

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

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

**Indicator No. 13.5 Update of the subsoil user's electronic cabinet**

(Q1 2025)

Sector: management of critical raw materials**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

(I quarter of 2025)

Sector: digital transformation

Status: in process

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



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

(Q1 2025)

Sector: digital transformation

Status: in process

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

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



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

(I quarter of 2025)

Sector: digital transformation

Status: in process

For this purpose, it is necessary to develop and adopt the Decree of the Cabinet of Ministers on the approval of the plan of measures for the transfer of public services to electronic form by 2026, with subsequent entry into force.

The action plan should focus on the following main Sectors:

- restoration;
- education;
- health care;
- services for veterans;
- services for the military;
- customs;
- social Sector.

Currently, the Ministry of Digital Transformation of Ukraine has turned to state bodies to collect proposals and develop recommendations that will become the basis for the development of measures and initiatives of the plan.



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 on time

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 Environment [published a](#) draft order of the Cabinet of Ministers "On Approval of the Strategy for Implementation of the Greenhouse Gas Emissions Trading System in Ukraine for the Period 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.

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).

In November, a draft plan of measures for the creation of ETS [was published on the website of the Ministry of Environment](#).



Indicator No. 3.5 The entry into force of the legislation on the revision of declarations of integrity of judges and the procedure for their verification

(II quarter of 2025)

Sector: judicial system

Status: in process

In order to implement the indicator, the law and acts of the Supreme Court must enter into force, according to which the declarations of integrity of judges and the procedure for their verification must be revised.

These legal acts should focus on:

- clarifying the content of declarations of integrity and the grounds for starting an inspection;
- extensions of the time period covered by the inspection;
- improvement of the inspection procedure by detailing the inspection mechanisms and deadlines, defining the rights and obligations of individuals and legal entities involved in the inspection process, clarifying the legal consequences of the inspection.



Indicator No. 3.8 Improving the execution of court decisions. The law on digitisation of executive proceedings entered into force

(II quarter of 2025)

Sector: judicial system

Status: in process

The indicator is considered to have been fulfilled in the event of the entry into force of the law on the execution of court decisions regarding property and non-property obligations and further digitalisation of executive proceedings.

In the context of the enforcement of court decisions in Ukraine, a Roadmap will first be developed on reforming the enforcement of court decisions and improving the activities of state and private executors taking into account the current situation, and a package of bills will be adopted to improve the enforcement of court decisions regarding property and non-property obligations and further digitization of executive proceedings. This will, in particular, allow:

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

Currently, 2 draft laws are pending consideration in the parliament, designed to change the regulation regarding the enforcement of court decisions and the digitalisation of enforcement proceedings - No. [5660](#) of June 14, 2021 and No. [9363](#) of June 7, 2023.

On November 20, 2024, draft law No. [9363](#) dated June 7, 2023 was adopted by the Verkhovna Rada in the first reading.



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

(Q2 2025)

Sector: financial markets

Status: in process

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

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

The Government Reform Matrix reports that this indicator has been met; however, the Strategy has not yet been approved.



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

(II quarter of 2025)

Sector: human capital

Status: in process

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

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

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



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

(II quarter of 2025)

Sector: human capital

Status: in process

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

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:

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



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

(II quarter of 2025)

Sector: business environment

Status: done

The government approved [the Strategy for recovery, sustainable development and digital transformation of small and medium-sized enterprises for the period 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 education and entrepreneurship culture, and strengthen competitiveness on the domestic and foreign markets.

The indicators of the implementation of the program, among other things, suggest an increase in the export of goods to 60 billion euros by 2027, of which 35 billion euros will go to the EU by increasing the number of SME exporters to 35,000. It is also expected to reduce unemployment to 11% and increase the share of sales through electronic commerce to 20%. In the Sector of science and education, it is said that the scientific intensity of GDP will increase to 0.7% due to the increase in expenses for scientific activities to 470 million euros and 1.7 million entrepreneurs who have improved their qualifications fully or partially at the expense of the state.



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

(II quarter of 2025)

Sector: decentralisation and regional policy

Status: in process

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

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



Indicator 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: management of critical raw materials

Status: in progress

It is necessary to publish a portfolio of investment projects in the extractive industry for critical raw materials, prepare and promote a list of subsoil 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 presented [an Investment Guide](#) containing 95 investment projects worth about 27 bn USD 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 USD in financing.



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

Sector: management of critical raw materials

Status: in progress

International tenders for production sharing agreements (PSAs) should be launched using standard terms and conditions of these agreements approved by the Government and made public. Transparency of 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 Restoration of the mandatory MRV system**

(Q2 2025)

Sector: green transition and environmental protection**Status:** in progress

The indicator is aimed at the implementation of the reform regarding the introduction of market mechanisms for pricing emissions.

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 Environment [published a](#) draft order of the Cabinet of Ministers "On Approval of the Strategy for Implementation of the Greenhouse Gas Emissions Trading System in Ukraine for the Period until 2033". Until 5 July, the Ministry of Ecology collected suggestions and comments. In addition, in November, a draft action plan for the creation of a national system for trading quotas for greenhouse gas emissions (GHG) [appeared on the website of the Ministry of Environment](#).

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

On November 21, the Verkhovna Rada approved in the first reading draft Law No. [12131](#), which provides for the restoration of the mandatory MRV system.



Indicator No. 1.2 Entry into force of amendments to the legislation on improving the procedure for entering, passing and terminating civil service
(III quarter 2025)

Sector: public administration reform

Status: in progress

In Ukraine, public administration reform has been underway for years, which is designed to promote the existence of a professional and effective civil service in Ukraine. Indicator 1.1. involves improving the approach to public service pay, while indicator 1.2. designed to improve the procedures for selection, passing and dismissal from civil service.

At the same time, it is stated that the new legislation (including by-laws) should enter into force by the end of the third quarter of 2025. It must comply with the OECD Principles of Public Administration (SIGMA) relating to selection procedures based on professional competences.



Indicator No. 2.8 Implementation of the Roadmap for reforming the public investment management system

(III quarter of 2025)

Sector: public finance management

Status: in process

Several structural benchmarks of the IMF are dedicated to the reform of the public investment management system (PIM), which Ukraine is successfully and timely implementing. The roadmap was adopted in December 2024, while the implementation plan is scheduled for summer 2025.

Indicator 2.8 is about the development and implementation of a digital recovery management tool for Ukraine, which provides public access to data on recovery projects at all stages, including planning, financing, procurement, construction and commissioning, to ensure public and transparent monitoring of project implementation and better coordination of efforts with recovery between sectors.

In fact, in the Ukraine plan it is defined that DREAM (Digital Recovery Ecosystem for Accountable Management) will be used as such a tool. DREAM is a platform originally created for transparency and coordination of efforts in reconstruction and recovery.

[A section on public investment projects](#) has already been created on the DREAM portal. However, so far it is about informing about such projects rather than about having complete and detailed information about the stages of their implementation. Appropriate next steps are currently being developed.

**Indicator No. 3.1 At least 20% of judicial vacancies are filled**

(III quarter of 2025)

Sector: judicial system

Status: in progress

The indicator will be considered fulfilled if at least 20% of the judicial vacancies available as of October 16, 2023 (total number of vacant positions 2 205) are filled on the basis of amended legislation, which will include the following elements:

- simplified stages of selection and shortened periods of mandatory training of judges;
- consistent application of clear and properly published assessment criteria and methodology for assessing the professional competence and integrity of candidates for the position of judge;
- involvement of the Public Integrity Council in assessing the integrity of candidates for the positions of judges in cases where the law requires it.

**Indicator No. 3.2 Establishment of a new court to hear administrative cases**

(III quarter of 2025)

Sector: judicial system

Status: in process

The indicator will be considered fulfilled if a new court is created to hear administrative cases involving state bodies, consisting of the first and appellate instances and whose judges will be selected after a check of integrity and professionalism with the involvement of independent experts.

To implement this indicator, draft laws No. [12206](#) on the activities of the High Court on Public Legal Disputes, [12206-1](#) on the activities of the High Specialized Administrative Court, and [12206-2](#) on the activities of the High Administrative Court were submitted to the VRU.

On December 3, 2024, the Verkhovna Rada of Ukraine did not support any of the three draft laws. Proposals to send these draft laws for a repeated first reading, or to the subjects of the legislative initiative for revision, were also not supported. As of the beginning of December, a discussion with the IMF is ongoing regarding the fulfillment of this obligation as one of the benchmarks of the program, scheduled for the end of December 2024.



Indicator No. 6.7 Assessment and, if necessary, introduction of changes and entry into force of the legislation on the separation of activities for the implementation of PSO and non-PSO in SOEs

(III quarter of 2025)

Sector: management of public assets

Status: in process

This indicator is a logical continuation of indicator 6.6, which provides for the Adoption of the Roadmap on distinguishing activities related to the performance of special duties (PSO, public service obligations) and activities not related to the performance of special duties by state enterprises.

Yes, it is planned to split accounts between PSO and non-PSO activities in SOEs to avoid cross-subsidization. Thus, at the first stage (indicator 6.6 should be implemented in the 1st quarter of 2025), the adoption of the corresponding Roadmap is foreseen, which defines the steps for the mandatory structural separation of activities related to the performance of special duties and activities not related to the performance of special duties responsibilities for all state-owned companies engaged in PSO.

According to indicator 6.7, it is about evaluating the legislation defined in the Roadmap and, if necessary, changes will be made to it. This will be done to ensure that the appropriate separation of accounts between PSO and non-PSO works effectively in all state-owned companies.

By the 3rd quarter of 2027, the government should ensure the implementation of an independent audit of the SOEs involved in the PSO regarding the effectiveness of the implementation of the legislation.



Indicator No. 6.9 **Unsuspension of the State Aid Law to restore State Aid Control and harmonizing the State Aid Law with the EU acquis**
(Q3 2025)

Sector: management of public assets

Status: in progress

In November 2024, the Government submitted draft laws No. 12179 and No. 12181 to the Verkhovna Rada for consideration, establishing liability for violations of the legislation on state aid.

In May 2024, the Verkhovna Rada reinstated the application of the Law on State Aid regarding aid provided through the Entrepreneurship Development Fund. Otherwise, the effect of the main provisions of the Law on State Assistance to Business remains suspended for the duration of martial law. Currently, it is not known when the Law will be reinstated.

**Indicator No. 8.2 Deregulation in certain sectors**

(Q3 2025)

Sector: business environment

Status: in process

It is necessary to adopt legislation (legislation must enter into force) on deregulation and simplification of business conditions, which focuses on the following Sectors:

- digitization of permit and license procedures through the implementation of an experimental project on the introduction of the Unified State Electronic System of Permit Documents;
- reduction of business inspections by introducing voluntary insurance and audit;
- settlement of the issue of legal succession of permits and licenses in the event of a change in the organizational and legal form of the business entity



Indicator No. 8.8 Adoption of harmonized standards for three groups of industrial products

(Q3 2025)

Sector: business environment

Status: in progress

It is necessary to adopt European standards as national standards for 3 groups of industrial products (machines, electromagnetic compatibility of equipment, low-voltage electrical equipment) by the translation method. The Ministry of Economy, as well as the SE "Ukrainian Research and Training Center for Standardization, Certification and Quality Problems" (by agreement) have been identified as responsible for implementation.

It is worth noting that in 2018, the Ministry of Economic Development (now the Ministry of Economy) [approved](#) an order determining the list of national standards that are identical to harmonized European standards, within the framework of the implementation of Directive 2014/30/EU on the harmonization of the laws of the Member States relating to electromagnetic compatibility.

In addition, the Government's Priority Action Plan for December 2024 [plans](#) to adopt national standards by translation method in three priority sectors of industrial products (machinery, electromagnetic compatibility of equipment, low-voltage electrical equipment) to prepare for the conclusion of the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACCA) (so called "industrial visa-free").



Indicator No. 10.14 Support for the development of efficient and more sustainable district heating (Q3 2025)

Sector: energy sector

Status: in progress

The indicator is aimed at improving the efficiency of the district heating sector. In order to implement this indicator, the adoption and entry into force of the Law of Ukraine "On Amendments to Certain Laws of Ukraine Regarding Support for the Development of Effective and Sustainable Centralized Heat Supply" is necessary.

As of early December 2024, the necessary draft law has not been registered in the Verkhovna Rada. Notably, in November 2023, the Concept of the State Targeted Economic Program for the Energy Modernization of Enterprises - Thermal Energy Producers owned by the state or municipalities - was [approved](#). This program, designed to run until 2030, aims to enhance the efficiency of district heating systems.



Indicator No. 12.4 Entry into force of legislation on state support of agriculture of Ukraine

(III quarter of 2025)

Sector: agri-food sector

Status: in process

The indicator envisages the adoption of changes to the Law on State Support of Agriculture. According to the indicator, the law will determine:

- New measures to support agriculture and its branches based on SWOT analysis
- New approaches to support investments of small farms
- Financial instruments of support with the participation of MFIs
- Use of the State Agrarian Register to provide support

Currently, the law on the State Agrarian Register (Indicator 12.5) has entered into force, which is a prerequisite for changes to the rules of state support for agriculture. A number of support programs for farmers are already running through the State Agrarian Register. However, draft laws on amendments to the Law on State Support of Agriculture were not submitted to the Verkhovna Rada for consideration this year.



Indicator No. 13.2 Publishing of a report on the verification of Critical Raw Materials' reserves of Ukraine

(Q3 2025)

Sector: management of critical raw materials

Status: in progress

The indicator is aimed at improving planning and ensuring optimal conditions for attracting strategic investors. To fulfill the indicator, the State Geology and Subsoil Service must publish a report on the verification/reassessment of critical mineral reserves in Ukraine, taking into account international classification systems, and the results must be open to investors.

Following [the results of](#) the pilot phase of the project, supported by the EBRD and the European Commission in 2023, geological reports will become available through the interactive map "Geoinform Ukraine", representing 125 of the most important deposits. These materials can be used by investors for analysis with the aim of further nomination of such deposits for e-auctions. Currently, free access to the State Geological Portal is closed due to martial law.

It is also known that the geological services of Ukraine and France, with the support of the Association of European Geological Services (EuroGeoSurveys), prepared [the monograph](#) "Strategic minerals of Ukraine and their investment attractiveness", which contains cartographic materials, a description of EU and Ukrainian legislation, positive international examples of the implementation of mining projects, etc.

As of early December 2024, there is no information in the public domain regarding the work on the verification report.



Indicator No. 15.4 Adoption of the second Nationally Determined Contribution of Ukraine to the Paris Agreement
(Q3 2025)

Sector: green transition and environmental protection

Status: in progress

The implementation of the indicator requires the entry into force of the order of the Cabinet of Ministers "On approval of the second Nationally Determined Contribution of Ukraine to the Paris Agreement".

In addition, according to the conditions of the indicator, the second NDC of Ukraine to the Paris Agreement should be more ambitious compared to the current Updated NDC of Ukraine. This obligation is also [recorded](#) in the final and transitional provisions of the Law "On the Basic Principles of State Climate Policy".

The updated NDC of Ukraine to the Paris Agreement was adopted by Cabinet of Ministers Decree No. [868-r](#) on July 30, 2021, and the preparation process [has been ongoing](#) since 2018. The document was published [on the UN website](#).

In addition, in July 2021, the Ministry of the Environment published an analytical review of the Updated NDC [in Ukrainian](#) and [English](#). In July 2023, the draft of the plan of measures for the implementation of NDC [was made public](#) with identified key measures that will contribute to the reduction of greenhouse gas emissions.

SPECIAL TOPIC

***“Corporate governance reform at
state-owned enterprises”***





Corporate governance reform

The number of state-owned enterprises in Ukraine is high compared to other countries:

According to the Ministry of Economy, as of the end of 2022, there were 3,293 enterprises at the state level; of them, 1,058 – active, 1,552 – inactive, 516 – insufficient information, 167 – in the annexed territory of the Autonomous Republic of Crimea

At the same time, less than 10 SOEs have supervisory boards with independent members, and state-owned companies are managed by 89 entities, while their functions and responsibilities are often duplicated.

The presence of supervisory boards in practice does not protect the management of enterprises.

The number of municipal companies is also extremely large and growing (and this is not about municipal non-profit companies in health care).

The principle of local authorities is often to create a municipal company for everything, but not to work with private business.



Goals of corporate governance reform

For years, state-owned enterprises have been mentioned as one of the signs of state capture, because management was not effective, companies were sometimes used for the personal enrichment of company managers, and often performed quasi-fiscal functions

The corporate governance reform must comply with the OECD principles in order for Ukraine to become a member of the OECD

Reform has been the focus of most IMF programs, as well as often in EU macro-financial assistance programs. Today's support programs are no exception

Goals of the reform:

- Increase efficiency and productivity of state-owned companies
- Reduce fiscal risks
- Reduce corruption
- Reduce the share of the public sector

Basic steps:

- Triage of companies: ownership, privatization, liquidation
- Corporatization and restructuring
- Ownership policy and consolidation of management of state-owned companies
- Strengthening the independence of companies in particular thanks to the appointment of supervisory boards



Structural benchmarks in IMF programs (1)

Extended Fund Facility program of 2015

- SM: adopt a strategy for reforming the state-owned enterprises sector in accordance with par. 36 of the Memorandum, providing for measures necessary to strengthen budgetary supervision, develop a comprehensive policy on ownership, and improve corporate governance; to determine priority enterprises that should be subjected to restructuring; analyze options for improving the management of other state assets - **completed**
- The text of the memorandum defines the obligations of Naftogaz restructuring and corporate governance reform of NEC Ukrenergo, SE NAEC Energoatom, JSC Naftogaz of Ukraine

The 2018 Stand-By Arrangement program:

- There are no structural benchmarks regarding the reform, but the Letter of Intent indicates further steps to implement the reform, in particular regarding the appointment of independent supervisory boards

The 2020 Stand-By Arrangement program

- SM: Strengthen corporate governance at state-owned enterprises, in particular, adopt a new corporate charter for NJSC Naftogaz in accordance with OECD corporate principles, recommendations on corporate governance and other applicable legislation, including the law "On joint-stock companies" - **completed with a delay**
- SM: Appoint a supervisory board in Energoatom with a majority of independent members elected through a transparent and reliable procedure - **it was not implemented**
- The text of the Memorandum promises to approve the law on corporate governance, to further implement OECD principles, etc.

Monitoring program with Board Involvement of the fund (Program Monitoring with Board Involvement) of 2022

- CM: Appoint the Supervisory Board of Naftogaz based on transparent and competitive selection procedures

Source: IMF Memoranda, [IAA Report](#)



Structural benchmarks in IMF programs (2)

Extended Fund Facility Program of 2023

- Transfer of the share package of the GTS Operator directly to the Ministry of Energy and adoption of the new charter (end of July 2023) - **completed with a delay**
- Strengthening the governance and supervision of banks by: (i) separating the related party unit from the banking supervision unit, (ii) introducing "supervisory panels" as an advisory body to the Supervisory Committee, and (iii) resuming scheduled Sector visits inspections of banking and non-banking institutions, leaving issues related to personnel security to the discretion of the NBU (end of September 2023) - **completed**
- Selection and appointment of the Supervisory Board for OGTSU (end of October 2023) - **completed**
- Identify the main public companies seriously affected by the war and prepare an analysis of potential fiscal and quasi-fiscal costs (end of October 2024) - **completed**
- Analyze the debt and assess the financial condition of the district heating enterprises with the help of a chamber analysis conducted by a reputable auditing firm, including by distinguishing the debt before and after February 2022 (end of October 2024) - **completed** (?)
- Complete the formation of the full composition of the supervisory board of Ukrenergo (7 members), the majority of which will be independent members (end of December 2024)
- Develop a policy for the management of state property in state-owned enterprises, a dividend policy and a privatization strategy (end of October 2024) - **completed**



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

2014 - I program of macro-financial assistance (MFA I)

- The Accounting Chamber should audit not only expenditures, but also budget revenues. At the same time, it is stated that it should do this in accordance with Principle 3 of the Mexican SAI Declaration, which in fact extended the possibility to audit SEs

2014 - 2015 - MFA II)

- It is clearly defined in the legislation that the Accounting Chamber can conduct audits of state-owned enterprises, which should contribute to increasing the efficiency and transparency of their activities

2015-2017 - MFA III

- Transform key state-owned enterprises into joint-stock companies and audit the 100 largest state-owned enterprises to strengthen reporting
- Create an anti-corruption bureau and prosecutor's office, which, among other things, should contribute to ensuring transparency and accountability of state-owned enterprises.
- Conduct audits of the five largest state-owned enterprises within the extended mandate of the Accounting Chamber and publish the results

2018-2019 - MFA IV

- Appoint independent members of supervisory boards for NEC "Ukrenergo" and other large state-owned enterprises
- Privatize 200 small state-owned enterprises through the electronic auction ProZorro. Sales
- Strengthen governance in state-owned banks with majority independent boards of directors and amend banking legislation
- Reform the electricity market; certify NEC "Ukrenergo" as an independent operator and separate generation and transmission



Macro-financial support (2)

2020-2021 years - Covid-19 program of the MFD

- Implement OECD-compliant corporate governance for state-owned enterprises, focusing on board selection and ownership policies for leading state-owned enterprises

2022-2023 - Emergency and Extraordinary programs of the MFD, the MFD + Program

- Further reform of corporate governance in accordance with OECD principles, in particular
 - ◆ To improve the procedure for selecting members of supervisory boards and heads of economic entities of the state sector of the economy
 - ◆ Continue the work of the SE Nomination Committee and elect members of the supervisory boards, including at the following SOEs: "AMPU", JSC "Ukrposhta", SE "International Airport "Boryspil", PrJSC "Ukrhydroenergo" and NAEK "Energoatom"
 - ◆ Approve the methodology and criteria for evaluating candidates for the positions of independent members of the supervisory boards of state banks (SB)
 - ◆ Continue cooperation with IFIs and other international partners through the Nomination Commission for SB, applying a jointly agreed methodology (eligibility assessment, merit rating, discussion and voting) and seeking consensus among voting and non-voting members of the Commission, to ensure a transparent and professional competence-based selection of highly qualified independent professionals to the supervisory boards of SB
 - ◆ Strengthening the selection process of independent members of supervisory boards and management for the largest state-owned enterprises [Q4 2023]
 - ◆ To improve the operation of the gas system by: i) election of the Supervisory Board of NJSC "Naftogaz" [Q1 of 2023]; ii) taking measures necessary for the certification of the gas storage operator in accordance with Regulation (EC) No. 715/2009 [Q1 2023]; iii) launch of corporate restructuring of the Gas Transmission System Operator in accordance with the agreed target model [2nd quarter of 2023]



macro-financial support (3)

2024-2025 years - Plan of Ukraine:

- Improving the management at state-owned enterprises
 - ◆ Adoption of the law defining the powers of the supervisory boards of state-owned companies regarding the appointment and dismissal of managers; strategic, investment and financial documents of state-owned companies were approved; the procedure for the annual evaluation of the supervisory boards of state-owned companies has been established (II quarter of 2024)
 - ◆ Adoption of the policy of state ownership and ranking of state-owned companies
 - ◆ Appointment by the Government of supervisory boards with a majority of independent members for at least 15 key state-owned companies (Q2 2026)
 - ◆ At least 15 key state-owned companies will be corporatized in the form of joint-stock companies or limited liability companies (III quarter of 2026)
- Entry into force of the legislation on consolidated subjects of management of state-owned companies (IV quarter of 2027)
- Unbundling of SOEs: To avoid cross-subsidization for the largest SOEs engaged in SOEs, the Government will ensure the unbundling of SOEs and non-SOEs activities in SOEs through the following three steps - gradually over 2024-2027
- Improved system of control over state aid
 - ◆ Entry into force of updated legislation on state aid in accordance with the EU acquis; 2) full restoration of state aid control by the Antimonopoly Committee, 3) and approval of state aid rules regarding services of general economic interest (III quarter of 2025)



Corporate governance reform: challenges

Adopting all important changes is only the beginning

As the experience of the implementation of the corporate governance reform shows, it is extremely important to effectively implement changes and adhere to them

The nearest steps:

- Division of companies into three groups: strategic, liquidation, privatization
- Definition of ownership policies for key SOEs (then for all)
- Consolidation of management
- Corporatization of enterprises
- Appointment of effective independent members of supervisory boards
- Choosing effective business leaders
- Fulfillment of other obligations including reduction of cross-subsidization

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



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