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REFORM  
SUPPORT  
TEAM

# Reform Support Team Ministry of Finance of Ukraine

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# **Reform Support Team Ministry of Finance of Ukraine**

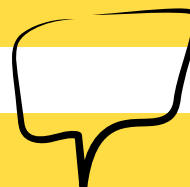
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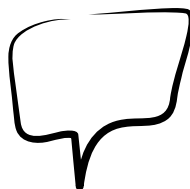
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# Introduction



The year 2021 was full of turbulence and uncertainty that affected the world economy. The continuation of the pandemic and geopolitical tensions have negatively affected business activity, including the breakdown of supply chains. But implemented reforms, prudent fiscal and financial policies, and support from the international community have enabled Ukraine to confidently meet all challenges and maintain macroeconomic stability.

The Reform Support Team (RST) focused on the key areas of reforms identified by the Government, and above all, the development of the institutional capacity of the Ministry of Finance of Ukraine (MoF) in order to ensure the Ministry would have all the tools and an action plan to overcome challenges.

In 2021 our Team assisted the MoF in the development of the IT PFM Strategy till 2025 and Action Plan for its implementation in order to modernize the public finance management system, including digitalization and IT centralization. We also supported the development of HR Strategy and Communication Strategy of the Ministry of Finance.

The institutional capacity of the Ministry would benefit from the new Methodology of budget programs formation based on the new performance-based budgeting, the draft of which we helped to develop. The RST continued to work on enhancing the transparency of public expenditures, in particular in the fields of education, social support and healthcare. We helped to create dashboards on higher education public expenditures and on general secondary education expenditures.

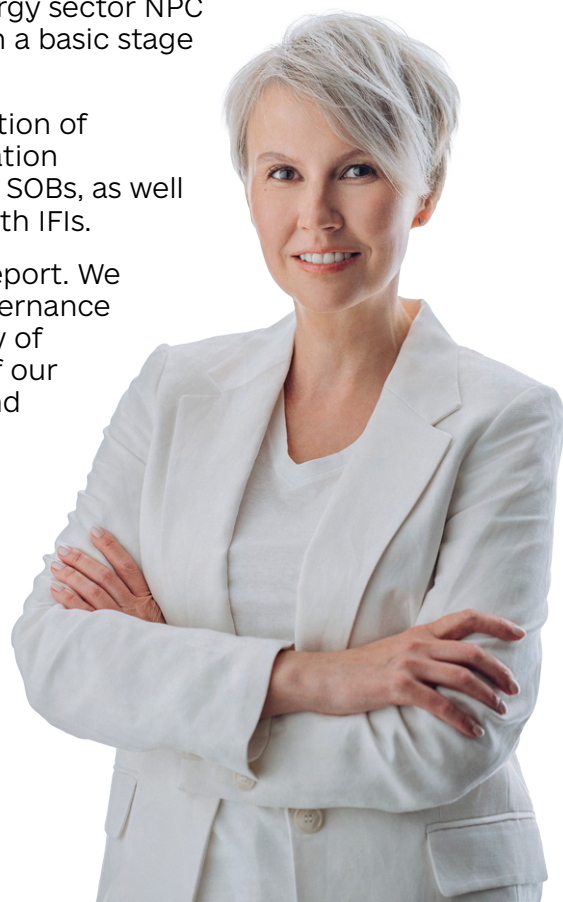
Our Team supports the MoF in providing a new financing mechanism for infrastructure and regional development, in particular, during the preparation of governmental infrastructure program, or financing the construction of the Podilsko-Vygurivska line of the Kyiv subway, etc.

The RST made a significant contribution in all steps of the SOE's Corporate Governance Reform implementation in Ukraine following the OECD Guidelines. As a result of joint work of the MoF, the RST and other authorities in the energy sector NPC UKRENERGO became one of the leaders of TOP-15 SOE's in a basic stage of corporate governance reform implementation.

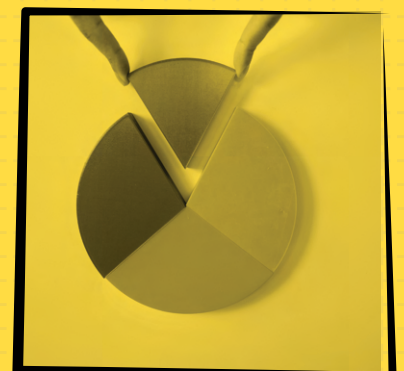
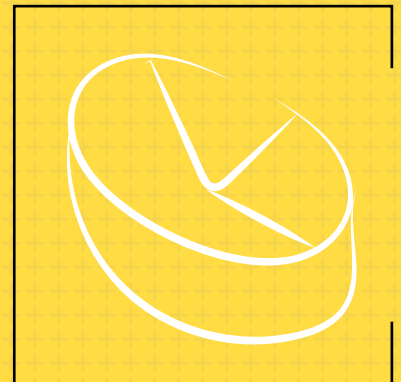
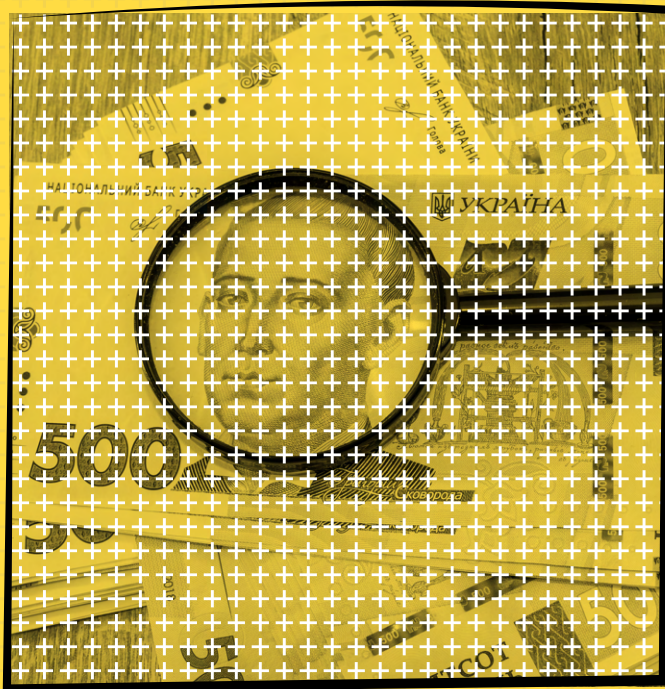
We also continued to support the MoF in the implementation of state-owned banks' strategies, establishing a new cooperation framework and processes between the MoF, the CMU and SOBs, as well as developing new approaches to efficient cooperation with IFIs.

All our major achievements in 2021 are described in this report. We look to 2022 with confidence, realizing to what extent governance has strengthened in Ukraine in general and in the Ministry of Finance in particular, and how the progress in key areas of our joint work is highly recognized by independent experts and international partners.

**Nataliya Slysh**  
**Director,**  
**Reform Support Team**  
**Project Management Office**  
**at the Ministry of Finance of Ukraine**



# PUBLIC FINANCE MANAGEMENT REFORM AND BUDGET EXPENDITURES OPTIMIZATION



# PERFORMANCE-BASED BUDGETING



**The RST supported the MoF with revising the budget programs' structure and elaboration and finalization of the Draft Methodology of budget programs formation based on the new performance-based budgeting (PBB) concept under the current Budget Code of Ukraine and further elaboration of the new PBB concept. The RST prepared possible examples of budget programs based on revising the budget programs structure.**

The RST supported the MoF with preparation and updating of a brief overview of the new PBB concept, including methodological issues and comments, as well as public discussion on the new Performance-based budgeting concept with sectoral departments of the MoF, stakeholders and external experts.

The RST prepared examples of possible budget programs based on outcome approach within the new PBB concept for three ministries; documents to explain key elements of the new PBB concept; proposals for bringing budget reporting to international standards within the new PBB concept.

The RST supported the MoF with the preparation of the proposals to the draft Strategy for reforming the PFM system till 2025 and its Action plan, in particular needed for the implementation of the new PBB concept.

The RST prepared the list of problems of the spending review methodology, as well as provided comments and recommendations to a draft report on state budget spending review in healthcare regarding centralized procurements of medicines, medical products and services and to a draft report on state budget spending review in culture regarding financial support to the national artistic groups, concert organizations, national and state circus organization.

The RST prepared the training program and held the workshop "Using of the New Methodology of Holding Financial and Economic Calculations in Preparation of Draft Acts of the CMU and Draft Laws Submitted to the Parliament by the CMU" for RSTs and Directorates in ministries via the Reformers Hub platform.



**Further implementation of the new PBB concept and the Methodology of budget programs formation will allow increasing the transparency and efficiency of the budget funds usage; establish a link between outcomes, budgetary funds spent and results achieved; increase the transparency of activities and accountability of key spending units.**

# SECTORAL PUBLIC EXPENDITURES OPTIMIZATION AND TRANSPARENCY



**The RST assisted the MoF with enhancing transparency in the fields of education, social support and healthcare.**

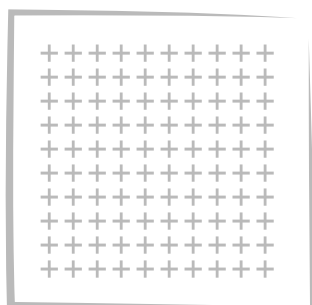
In the field of education, the RST assisted the MoF with the creation of digital analytical tools (dashboards) on higher education public expenditures in 2019 and 2020, and on general secondary education expenditures in 2020.

The 2020 data on higher education covers 166 public universities and institutes with over 636 thousand students. The public expenditures in 2020 totaled over UAH 19.3 bn (EUR 0,6 bn). The average public spending per student reached UAH 63 thousand (EUR 2 thousand).

The 2020 data on general secondary education covers 13 458 public schools with 4 million pupils and 347 thousand teachers. The public expenditures in 2020 totaled over UAH 98.4 bn (EUR 3 bn). The public spending per pupil averaged UAH 25 thousand (~EUR 750) with regional variations from UAH 21,1 thousand (~EUR 640) to UAH 30,2 thousand (~EUR 915). A more significant variance in average expenditures is between rural schools UAH 35 thousand (~EUR 1060) and urban schools UAH 20,5 thousand (~EUR 620). Variations in the averaged independent external evaluation results also indicate lower efficiency of public expenditures on secondary education in the rural areas.

The RST also assisted the MoF with the creation of a dashboard on public expenditures on welfare and social support in 2019-2020. The dashboard covers various welfare and social support payments types, e.g. benefits and subsidies for housing and utilities, support for internally displaced persons, pregnancy and childcare supports, and many others.

In 2020 4.6 million persons received housing and utilities benefits and subsidies; these welfare programs reached UAH 36 bn (EUR 1.1 bn). 254 thousand low-income households were recipients of specialized monthly welfare payments in 2020, such payments reached UAH 11 bn (EUR 0.3 bn).





In the field of healthcare, the RST supported the MoF with final updates to the dashboard on anti-COVID-19 Fund expenditures in 2020. The RST supported the MoF with an information campaign on current anti-COVID-19 expenditures in 2021 and other healthcare-related public expenditures. The RST also provided its expertise to an inter-agency workgroup on spending review in healthcare regarding centralized procurements of medicines, medical products, and services; and provided comments and recommendations to the draft report.



## The activities contributed to the ongoing improvement to the public expenditures' transparency and efficiency.

### Видатки на вищу освіту в 2020



Міністерство  
фінансів  
України

### Середні видатки на одного учня в 2020





Міністерство  
фінансів  
України

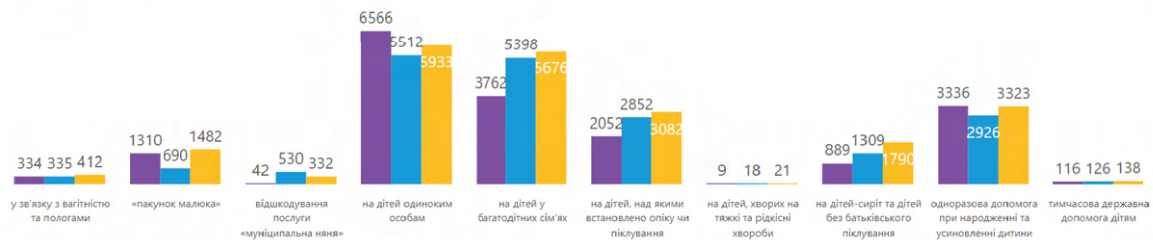


## Державні допомоги на дітей

На головну

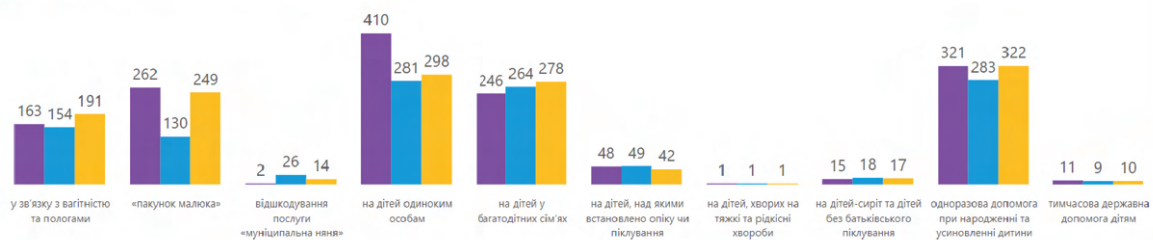
### Спрямовано коштів, млн грн

● 2019 ● 2020 ● 2021 (план)



### Кількість (середньомісячна кількість) виплат, тисяч

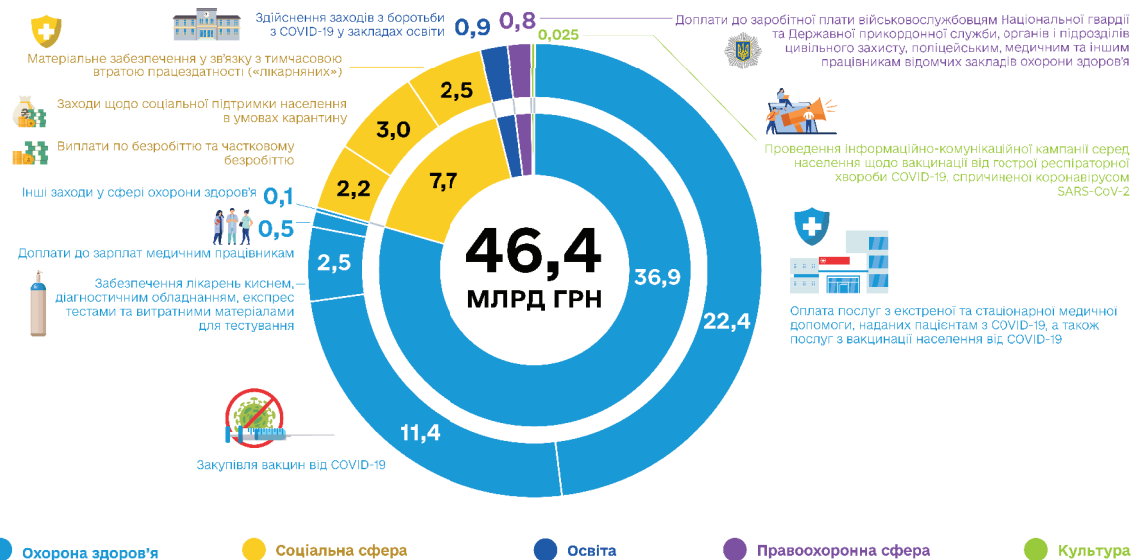
● 2019 ● 2020 ● 2021 (план)



## У 2021 РОЦІ НА БОРІТЬБУ З COVID-19 ВИТРАЧЕНО 46,4 МЛРД ГРН

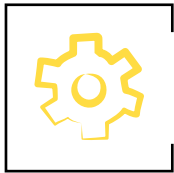


Міністерство  
фінансів  
України



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**The RST assisted the MoF with enhancing transparency in public finances, providing a new financing mechanism for infrastructure and regional development and long-term contracts for local authorities.**

In the field of efficiency financing of infrastructure development, the RST assisted the MoF with providing comparative analysis and proposals for the civil aviation support program, preparation of proposals for the passenger railway development, analysis of fiscal risks of the joint-stock company "Ukrainian Railways".

The RST conducted a comparative analysis of the budget legislation and provided proposals regarding the increased funding for the international projects for regional development.

The RST assisted the MoF during the preparation of proposals for the development of the coal industry and coal regions' transformation.

The RST supported the MoF in the development mechanism of financing the Podilsko-Vygurivska line of the Kyiv subway project construction.

The RST analysed the Concept Notes and financial model of public-private partnership in six pilot road construction and maintenance projects and provided recommendations regarding their further development.

The RST conducted benchmarking analysis of the practice of PSO contracts application in the EU and the sources for public transport financing and mechanisms of funding for railway transport.

The RST helped the MoF during the preparation of proposals for governmental infrastructure program development and draft legislation concerning ecological aspects.

The RST supported the MoF with an information campaign on expenditures on infrastructure developing in 2021.



**Efficient financing of infrastructure development is necessary for further regional development, economic growth and foremost at increasing the welfare and income of the population.**





# PUBLIC FINANCE, FISCAL RISKS AND PUBLIC ASSETS MANAGEMENT

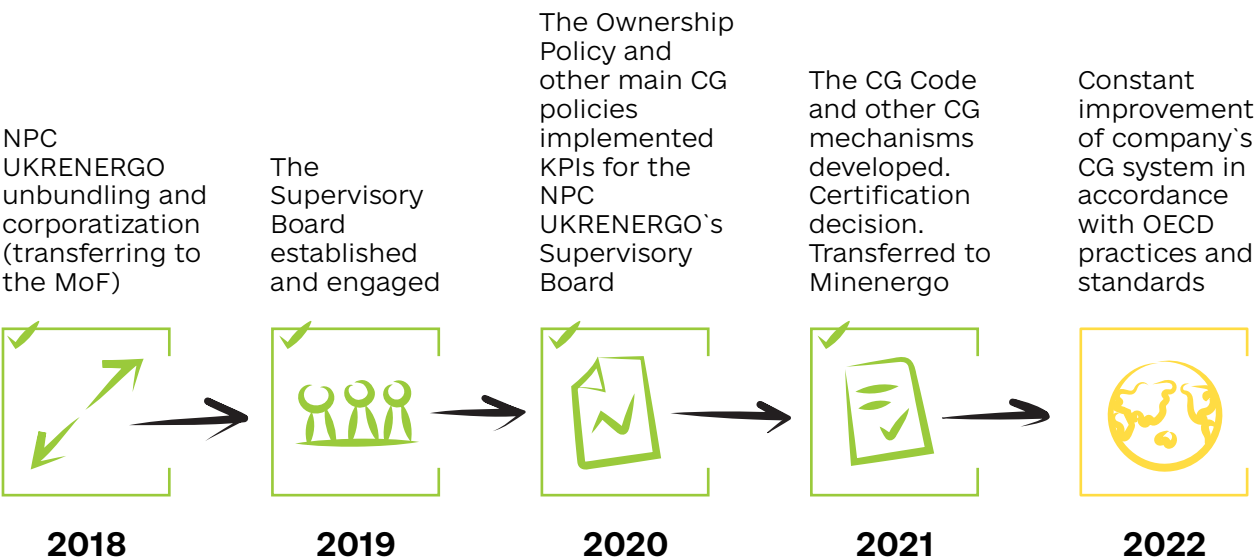


**The RST made a significant contribution in all steps of the SOE's Corporate Governance Reform implementation in Ukraine following the OECD Guidelines.**

The RST supported the MoF with the development of the NPC UKRENERGO's Corporate Governance Code, approved by the MoF's resolution N° 45 dated January 29, 2021. On May 11, 2021, the OECD has published an extended Review in which the OECD is positively responded to NPC UKRENERGO corporate governance reform implementation. In the second half of 2021, NPC UKRENERGO was transferred back to the Ministry of Energy.



**As a result of joint work of the MoF, the RST and other authorities, NPC UKRENERGO became one of the leaders of TOP-15 SOE's in a basic stage of corporate governance (CG) reform implementation, with a newly created system of corporate governance, maintaining a balance of interests of all stakeholders.**





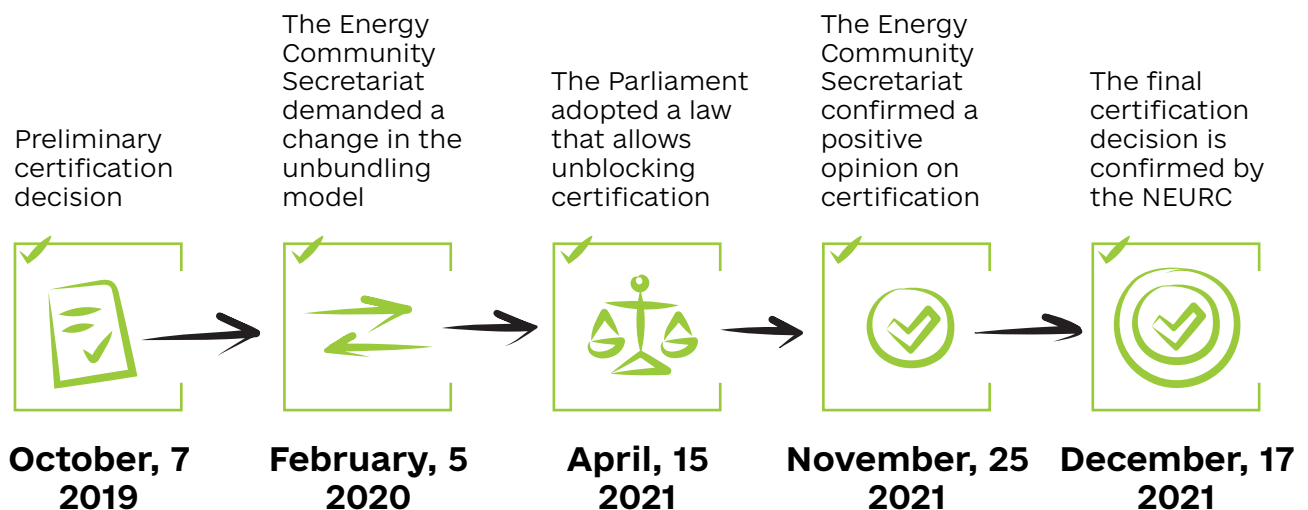
**The RST supported the MoF in the process of the NPC UKRENERGO certification as a European-style Transmission System Operator (TSO) in accordance with the Independent System Operator (ISO) model.**

On April 15, 2021 the Parliament adopted the law № 3364-1(d), which provides certification of NPC UKRENERGO as an independent TSO according to the ISO model. The RST supported the MoF in the NPC UKRENERGO certification process by developing status reports, analysis, and outlooks.

On November 25, 2021 the Energy Community Secretariat confirmed to the NEURC the possibility of final certification. On December 17, 2021 the final certification decision was confirmed by the NEURC.



**Certification is a confirmation of the TSO's independence from political or business influence. The certification confirms that the activities of the Ukrainian transmission system operator and the corporate governance system of NPC UKRENERGO fully support the European standards of transparency and independence. It is mandatory in accordance with Ukrainian and European legislation, and it is a prerequisite for ENTSO-E integration. The certification process required a change in the unbundling model and legislation.**





**The RST supported the MoF in the process of the NPC UKRENERGO integration into ENTSO-E scheduled in 2023.**

At the end of 2021, the ENTSO-E consortium has confirmed to NPC UKRENERGO the possibility of synchronizing the Integrated power system of Ukraine (IPS) with the ENTSO-E Continental Europe power system. After the certification, on December 29, 2021 NPC UKRENERGO applied for acquisition as observer status in ENTSO-E. This status must be confirmed at the ENTSO-E assembly in early 2022. The RST supported the MoF in the monitoring process of the NPC UKRENERGO ENTSO-E integration by developing status reports, analysis, and outlooks.

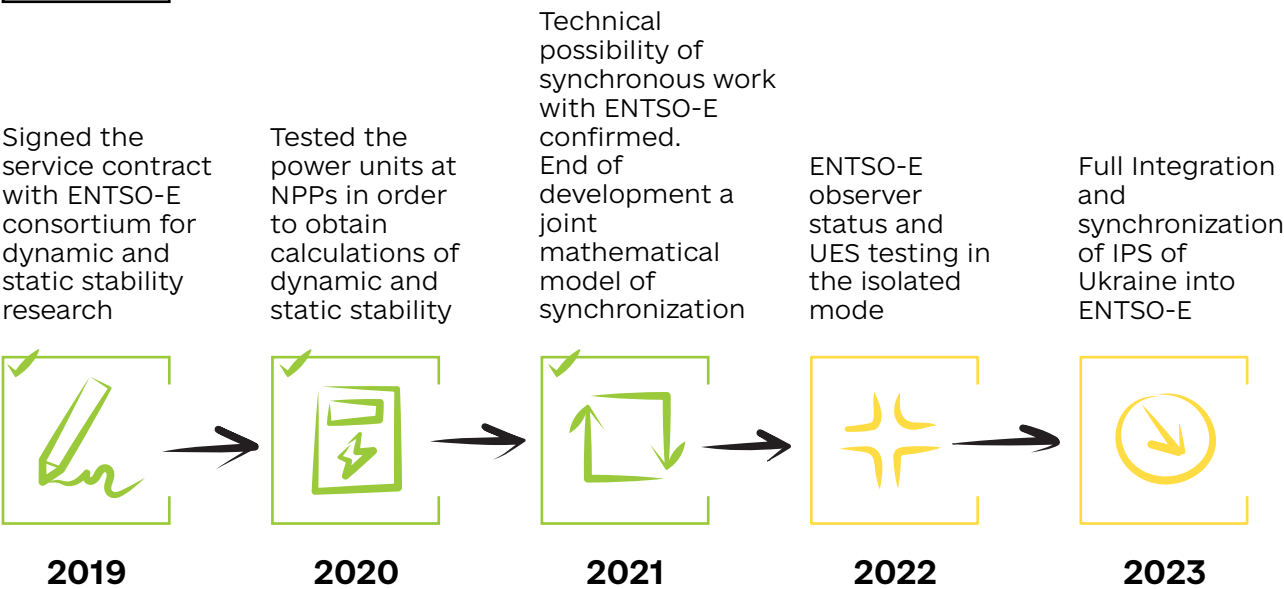
Ukraine’s power system is planned to be integrated into the ENTSO-E Continental Europe power system in 2023.

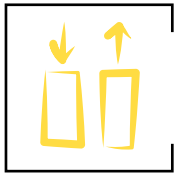
Main integration advantages for Ukraine:

- ✓ Strengthening Ukrainian energy and physical security;
- ✓ Improving Ukrainian electricity market due to access of European players;
- ✓ Accelerating decarbonization of Ukrainian energy sector;
- ✓ Attracting European investments to the Ukrainian energy sector and renewable energy in particular.



**In 2021 the foundation of a corporate governance system was completed to ensure the independence of NPC UKRENERGO as a transmission system operator.**





**In order to ensure the sustainability of public finances, increase budget revenues (dividends) and reduce expenditures in state-owned enterprises in 2021, the RST provided support for risk monitoring and the introduction of management tools in state-owned enterprises.**

The RST assisted the MoF in ensuring the efficiency of SOE's management and prevention of risks of covering expenses at the expense of the budget. The RST presented management tools to minimize corporate fiscal risk.

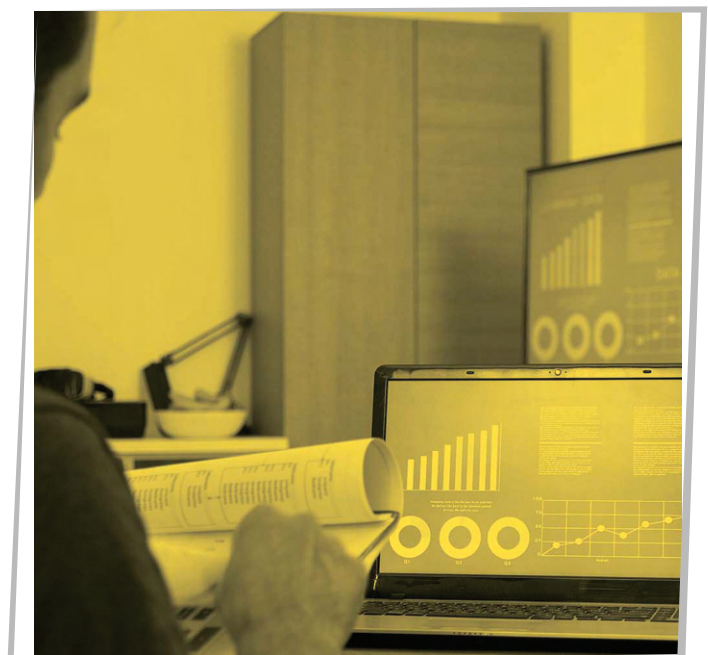
The RST supported the MoF with the possibility of corporate governance reform implementation, in particular - SC «Ukroboronprom» (provided by the law № 1630-IX dated July 13, 2021) and SE «USPA» (changes to the CMU's resolution № 534 dated May 27, 2020, came into force on November 17, 2021) due to forthcoming transformation of these SOE's into joint-stock companies.

The RST provided a review and proposed updated versions of the draft Regulations on the selection of managers and updated the Regulations on the management of Ukraine's Energy Efficiency Fund.

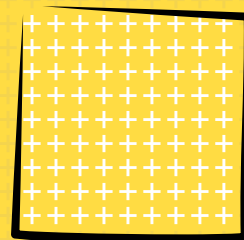
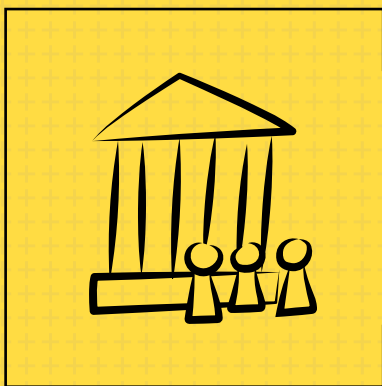
The RST developed the Concept of Transformation of the Management System of the Public Institution "Open Public Finance".



**With the support of the RST, the level of institutional capacity of the MoF for corporate fiscal risk management has been increased. Ensuring the efficiency of SOE's management allows the prevention of risks of covering potential losses at the expense of the state budget, thus strengthening the public finance management system of Ukraine.**



# **PUBLIC ADMINISTRATION REFORM AND CAPACITY BUILDING IN THE MINISTRY OF FINANCE**



# IT PFM STRATEGY



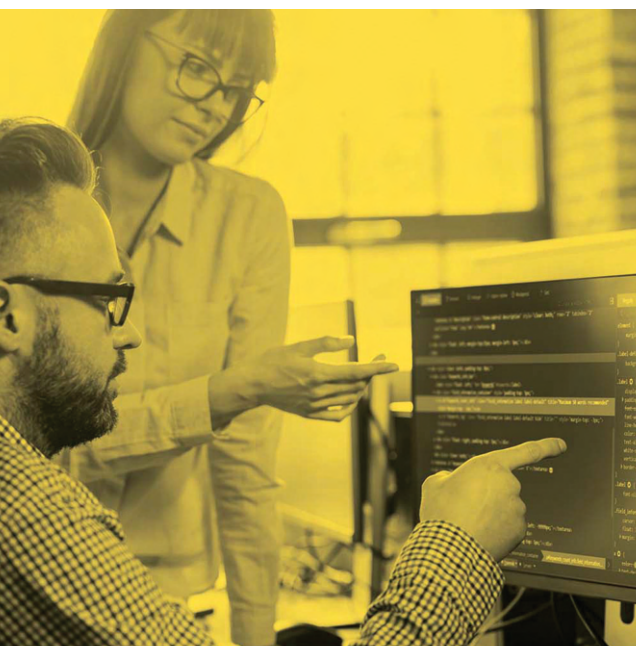
**The RST supported the MoF in the development of the IT PFM Strategy for 2021-2025 and Action Plan for its implementation.**

The RST supported the MoF with the development of the IT PFM Strategy for 2021-2025 and Action Plan for its implementation. The RST assisted with a definition of the key issues related to the IT processes, approach and methodology, key principles, strategic goals, list of the priority projects for the implementation within the MoF and PFM area during 2021-2025.

IT PFM Strategy was adopted by the CMU order N° 1467-r dated November 17, 2021.



**The IT Strategy implementation will result in the introduction of a new model of integrated information environment within the PFM area, built on the interoperability of electronic information resources, comprehensive information protection and technological independence, and provide real-time information exchange.**





# HUMAN CAPITAL MANAGEMENT STRATEGY



**The RST supported the MoF's HR Department in the coordination of the project "HR Strategy of the Ministry of Finance of Ukraine".**

MoF launched a project of tHR Strategy development in line with the MoF's Strategic Plan for 2018-2021. Its objective is to enhance the institutional capacity of the Ministry. The project is coordinated within the MoF with the RST project management support and aims to build a modern and effective personnel management system in line with the best practices and post-COVID-19 changes.

HR Strategy was approved by the MoF's order № 848 dated December 31, 2020.

The RST supported the MoF with an analysis of the HR Strategy Action Plan related to the process of determining the priority areas and indicators for implementation of the activities of the MoF's HR Strategy Action Plan for 2021.

The RST supported the MoF with the preparation of the informational campaign regarding MoF's corporate values popularization among the staff.

The RST supported the MoF with the preparation of the draft Code of Ethics.



**A comprehensive workforce HR Strategy implementation together with efficient and effective action plans are meant to meet MoF's strategic goal – to be the best public sector employer that citizens choose to work for, commit to and stay with.**



# COMMUNICATION STRATEGY



**The RST supported the MoF with the development of the MoF's Communication Strategy for 2021-2024 and Action Plan for its implementation.**

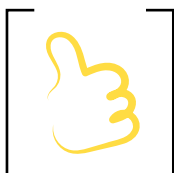
The RST supported the MoF in the coordination of the Communication Strategy development, including preparation of key documents drafts: Strategy, Action Plan for its implementation, KPIs.

The analysis provided by the RST for developing the Strategy covers key principles, goals, channels, messages, target audiences of communications, together with analysis of the resources, measures, potential risks, impacts and benefits of implementing the necessary changes in communications.

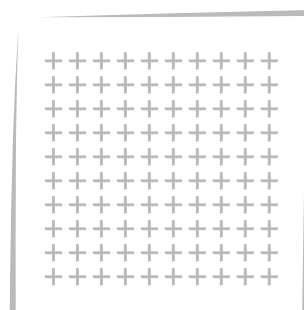
Communication Strategy 2021-2024 was approved by the MoF's order N° 49 dated January 29, 2021.

The RST provided the MoF with a draft of the developed framework (Communication Policy) for internal and external communication, incl. channels to disclose information, the procedure for publishing information in printed and electronic form and the responsibility for its provision, rules for commenting and covering the position of the Ministry, etc.

The RST supported the MoF's Department of Communications in obtaining and setting up an automated media monitoring online tool in order to enhance the current technical capabilities of the MoF in media monitoring.



**Implementation of the Communication Strategy will increase the transparency of the MoF's communications and provide wider media coverage, raise positive public feedback and increase the effectiveness of information flows and decision-making.**





# STATE TAX UNIVERSITY



## **The RST supported the MoF with the reorganization of the State Tax University**

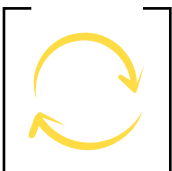
The RST supported the preparation of the process review regarding further development of the State Tax University operation model, as well as identification of key priorities of the establishment of the new higher education institution.

The RST helped to identify the key performance indicators and priorities for the head of the State Tax University in the process of reorganization of the university.

The RST supported the preparation of the recommendations for the State Tax University Strategy improvement in line with the identified key priorities of the university reorganization.

The RST supported the preparation of the proposals for the development of the curriculum of the State Tax University's innovative "Financial Technologies" study program, incl. scientific and academic components.

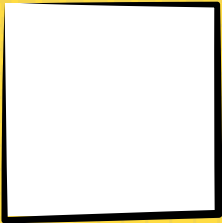
The RST helped to develop a Communication Campaign and Action Plan for the launch of the "Financial Technologies" study program. The RST coordinated a working group, helped to prepare communication materials and launch a communication campaign.



**The reorganization of the existing higher education institution University of the State Tax Service managed by the Ministry of Finance into the State Tax University, which is becoming modern educational and scientific hub for the development of knowledge, will ensure the sustainable development and effective governance by providing the state's financial sector with high-quality graduates and training of personnel of public authorities.**



# TAX REFORM



# IMPLEMENTATION OF THE BEPS ACTION PLAN MEASURES



**The RST assisted the MoF with the elaboration of tax legislation aimed to implement the BEPS Action Plan in Ukraine.**

The RST assisted the MoF with conducting the discussions during the working group on the preparation of a draft law on the implementation of the BEPS Action Plan into local legislation.

The draft law was sent for review to international experts from the OECD, the World Bank and the IMF, and was further updated in accordance with received recommendations.

The law № 466 on implementation of the BEPS Action Plan came into force starting from May 23rd, 2020. Further improvements to the adopted provisions were imposed by laws № 786 (came into force starting from August 8th, 2020) and № 1117 (came into force starting from January 1st, 2021).

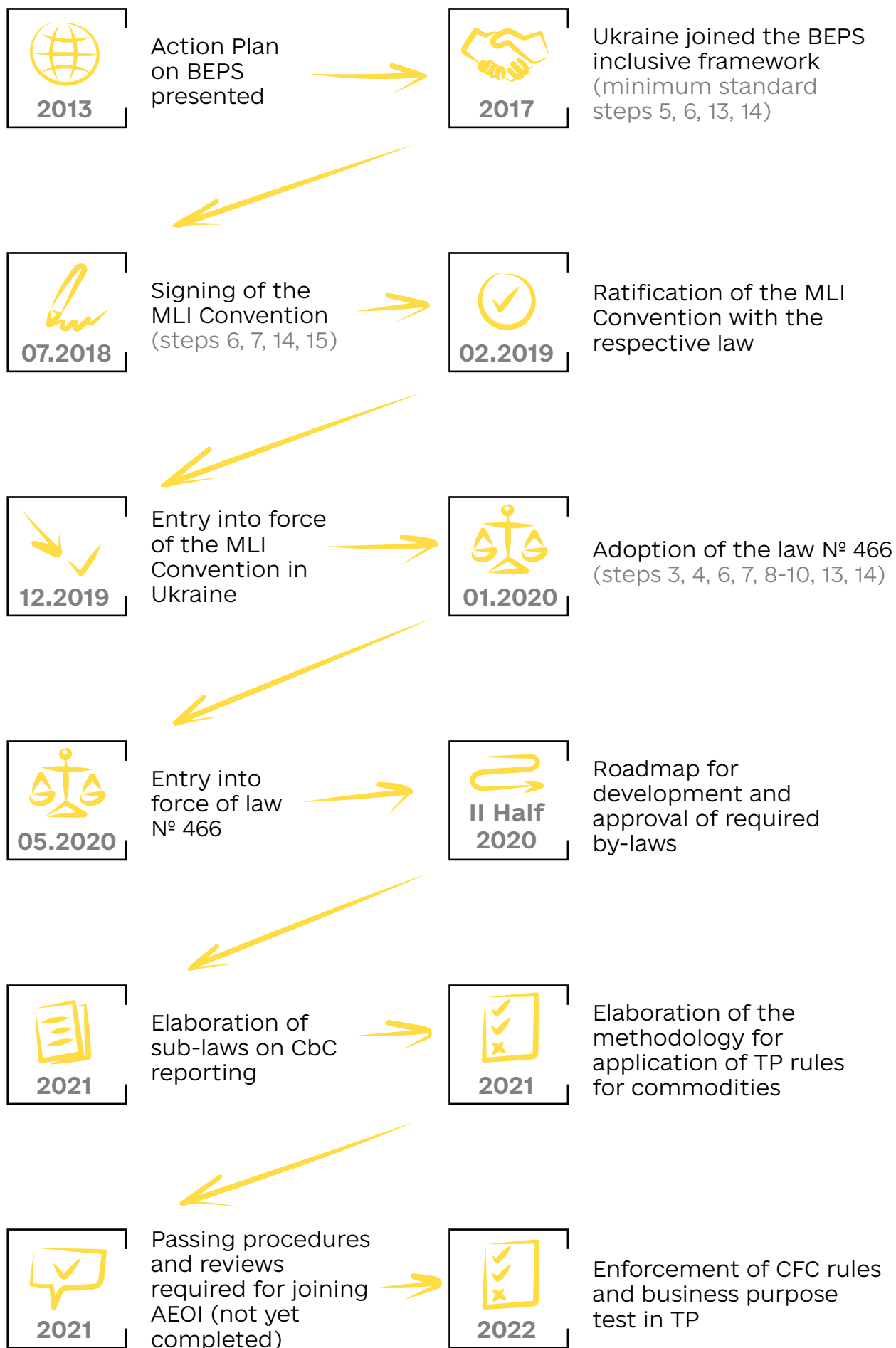
During 2021 the RST assisted the MoF with the preparation of clarifications to the taxpayers of the applications of new BEPS Action Plan rules and provided support with the elaboration of respective sub-legislation (with focus on transfer pricing (TP) rules, taxation of permanent establishments, rules for controlled foreign companies (CFC)).

The RST contributed to the amendments of the legislation on the application of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI Convention) in Ukraine to reflect the most recent changes of the Double Tax Treaties covered therein.

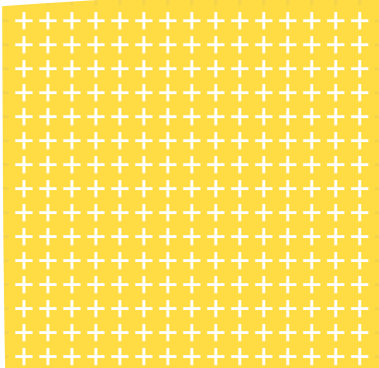


**New rules create effective mechanisms of prevention the aggressive tax planning via low-taxed jurisdictions.**

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# CUSTOMS REFORM



# AEO PROGRAMME IN UKRAINE



**The RST supported the MoF in improving the Authorized Economic Operators (AEO) programme in Ukraine.**

The RST in synergy with the EU4PFM project supported the MoF and the State Customs Service of Ukraine (SCS) with the development of the drafts of the CMU resolutions:

- ✓ "On approval of the Procedure for maintaining the Unified State Register of Authorized Economic Operators" N° 50 was adopted on January 27, 2021.
- ✓ "On approval of the form, description and rules of use of the national logo of the authorized economic operator and the form of the certificate of the authorized economic operator" N° 70 was adopted on February 3, 2021.
- ✓ "On approval of the templates of the application of the enterprise for granting a permit for applying special simplification and permit for applying special simplification" N° 139 was adopted on February 24, 2021.

On March 18, 2021, the SCS, based on the results of the assessment, made a decision to grant the first enterprise AEO status.

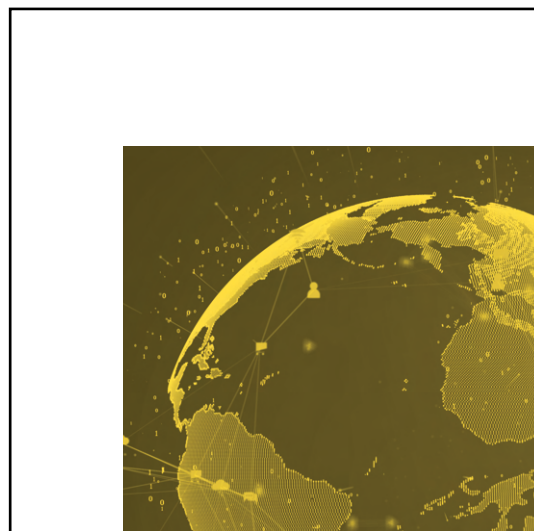
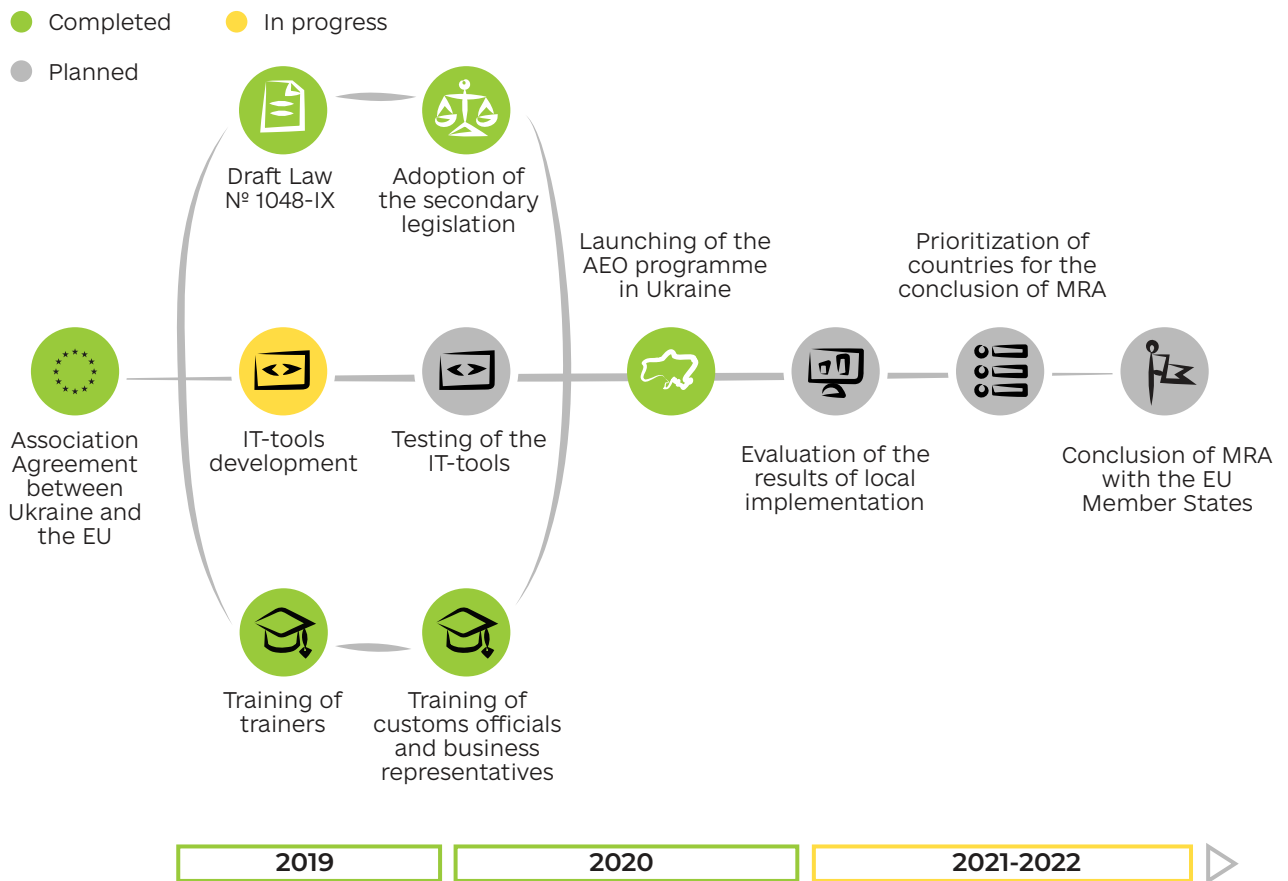
Amendments to the CMU resolution dated July 29, 2020 N° 665 on the adoption of the monitoring procedure for certified AEOs came into force on July 9, 2021.

The RST has been supporting the MoF with the development of the draft law amending the Customs Code of Ukraine allowing special simplifications for non-AEOs.



**Granting the first AEO authorization and providing the company with the first AEO benefits symbolizes the effective start of the AEO programme in Ukraine. It gives rise to further development and widening EU-based practice of simplified procedures in Ukraine.**





# CONVENTION ON A COMMON TRANSIT PROCEDURE AND NCTS



**The RST supported the MoF with the application of the common transit procedure and the New Computerized Transit System (NCTS) at the national level and passing the Pre-monitoring accession mission to the Convention on a Common Transit Procedure.**

In 2021 the RST in synergy with the EU4PFM project supported the MoF and the SCS with the development of the secondary legislation for implementing provisions of the Convention on a common transit procedure with the development of draft MoF and SCS orders:

- ✓ "On approval of forms and data sets of electronic messages of the common transit regime", N° 7 was adopted by the SCS on January 11, 2021;
- ✓ "On approval of the Procedure of the information exchange regarding registration of a financial guarantor, its suspension, renewal and cancellation, other information necessary for supervision and control over the financial guarantor's compliance with the conditions necessary for granting financial guarantor status", N° 69 was adopted on February 9, 2021;
- ✓ "On approval of the Procedure for customs formalities in the application of the common transit regime using the electronic transit system and the Procedure for admission of vehicles and containers for transportation of goods under customs seals in the common transit regime", N° 86 was adopted on February 12, 2021;
- ✓ "On some issues of ensuring the payment of customs debt in a common transit regime", N° 200 was adopted on April 6, 2021;
- ✓ "On approval of the requirements for special type seals characteristics and technical specifications, their accounting and storage", N° 568 was adopted on October 29, 2021.

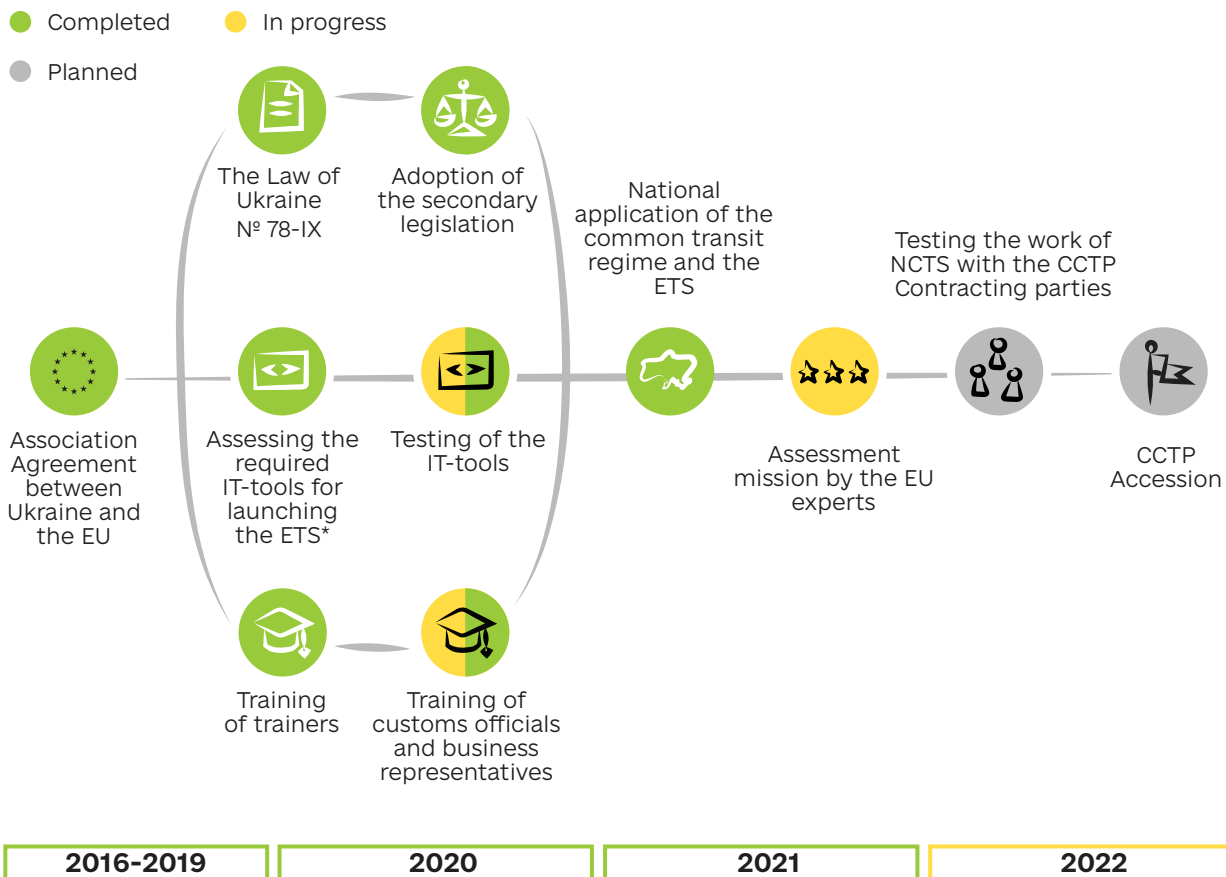
On March 17, 2021 the stage of national application of the common transit regime and NCTS began. During this period economic operators can choose one of two systems for placing goods in transit: either NCTS or the national system of control over the delivery of goods.

As of December 31, 2021 access to the trader's portal for submitting T1UA customs declarations was provided to 543 economic operators, 1329 T1UA customs declarations were processed by customs authorities, 9 financial institutions were included in the Register of Financial Guarantors and granted financial guarantor status.

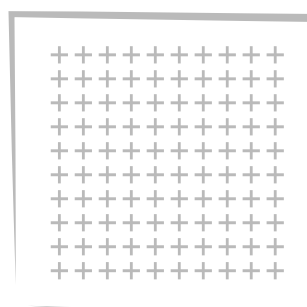




**Ukraine successfully passed the Pre-monitoring mission of Ukraine's accession to the Convention on a Common Transit Procedure and NCTS, which is a preparatory stage for the main Accession mission, which will make a conclusion on Ukraine's readiness to accede to the Convention on a Common Transit Procedure.**



\*ETS – Electronic Transit System (NCTS analogue)



## QUALIFICATION AND LOYALTY TESTING OF CUSTOMS OFFICIALS



**The RST supported the MoF and the SCS with the development of the CMU resolution and coordination of the working group on the pilot project on qualification and loyalty testing of customs officials.**

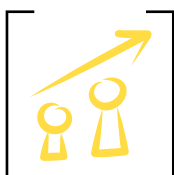
On April 20, 2021 the pilot project on qualification and loyalty testing of customs officials was started in Ukraine. The RST supported the MoF in launching this project together with the SCS, NAPS with the assistance of the US Embassy, the International Organization for Migration in Ukraine, the EU Delegation to Ukraine and the EUAM Ukraine.

More than 9000 customs officials passed three tests on:

- ✓ knowledge of customs and anti-corruption legislation;
- ✓ general skills (abstract, numerical, verbal thinking);
- ✓ loyalty.

The result of the project was enrollment in a single legal entity of the SCS of customs officers who had a sufficient level of general skills and knowledge of customs and anti-corruption legislation, as well as an adequate level of loyalty for the effective performance of their duties.

The Verkhovna Rada registered the draft law № 6490 "On Amendments to the Customs Code of Ukraine on the introduction of attestation of customs officials" dated December 30, 2021, developed by the MoF with the RST assistance, the SCS and with the involvement of international experts.



**The pilot project results will provide the actual basis for further development and implementation of the system of monitoring, control, promotion and career growth of the staff of the State Customs Service.**



Міністерство  
фінансів  
України

## Тестування посадових осіб митних органів з питань кваліфікації та благонадійності



### Організаційна підготовка

- затвердження штатних розписів територіальних органів Держмитслужби
- залучення до складу робочої групи з організації тестування представників міжнародних організацій
- затвердження часового періоду проведення тестування та персонального складу робочої групи з організації тестування
- визначення кількості та персонального складу комісій з проведення тестування
- проведення тестування на благонадійність кандидатів у комісії
- формування переліку посадових осіб, які підлягають тестуванню, із зазначенням займаних ними посад
- підготовка плану-графіку тестування
- визначення кількості аудиторів для проведення тестування
- визначення кількості технічних засобів для забезпечення тестування, у т.ч. для відеотрансляції
- організація фіксації процесу проходження тестування за допомогою технічних засобів відео- та звукозапису, відеотрансляції в Держмитслужбу



### Методологічна підготовка

- затвердження переліку питань для тестування № 1 та № 2
- визначення тривалості кожного виду тестування та перерв між ними
- визначення кількості питань для кожного виду тестування
- визначення мінімально допустимої кількості балів для успішного проходження тестування № 1 та № 2
- визначення кількості варіантів відповіді та способу оцінювання правильної відповіді для тестування № 1 та № 2
- затвердження рекомендацій щодо тлумачення протоколів про проходження тестування № 3
- оприлюднення переліку питань для тестування № 1 на веб-сайтах Мінфіну та Держмитслужби



### Тестування

- інформування посадових осіб про час та місце проходження тестування (за 7 днів до тестування)
- проведення тестування в митних органах відповідними комісіями
- моніторинг відеотрансляції процесу проходження тестування
- фіксація результатів тестування у протоколах комісій
- участь представників міжнародних організацій у засіданнях комісій як спостерігачів
- організація та проведення повторного тестування посадових осіб, тестування яких не відбулося через поважні причини



### Імплементація результатів

- інформування про результати тестування:
  - суб'єкта призначення
  - посадових осіб, які проходили тестування
  - Держмитслужби та Мінфіну
- прийняття рішення щодо переведення посадової особи до територіального органу Держмитслужби
- підготовка звіту про результати експерименту та пропозицій щодо внесення змін до нормативно-правових актів

За підтримки:



## РЕЗУЛЬТАТИ ЕКСПЕРИМЕНТАЛЬНОГО ПРОЄКТУ З ТЕСТУВАННЯ ПОСАДОВИХ ОСІБ МИТНОЇ СЛУЖБИ

Тестування складалось з трьох типів тестів



1 Тест на знання митного й антикорупційного законодавства



2 Тест на загальні здібності



3 Тест на благонадійність\*

495

Показали відмінний результат по обох типах тестування

7 447

Показали позитивний результат по обох типах тестування

9 048

Взяли участь у тестуванні

7 447

Взяли участь у тестуванні

4 170

Рекомендованих

797

Умовно рекомендованих

1 698

Умовно не рекомендованих

1 601

Показали негативний результат (не склали один з тестів або обидва)

782

Не рекомендованих

\* Тест на благонадійність — це психологічний тест, призначений виявити посадових осіб із ризиками схильності до порушення встановлених правил та непродуктивної поведінки на робочому місці



Міністерство  
фінансів  
України



Державна  
митна служба  
України



USAID  
FROM THE AMERICAN PEOPLE

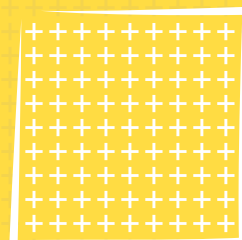


MOM  
ООН МІГРАЦІЯ

EU4PFM  
EU Public Finance Management  
Support Programme for Ukraine



# STATE-OWNED BANKS REFORM



# IMPLEMENTATION OF STATE-OWNED BANKS' STRATEGIES



**The RST supported the MoF with the implementation of state-owned banks' strategies.**

The RST assisted the MoF with analysis of the Privatbank's individual strategy, approved by the CMU on August 11, 2021.

The RST assisted the MoF with analysis of the Oschabank's individual strategy, approved by the CMU on October 11, 2021.



**The SOB's development strategy envisages the achievement of the main (strategic) activities of the state bank determined by the supreme body and contains the expected performance indicators of the state bank. The development strategy of a SOB is aimed at increasing the market value of the state bank in the long run, taking into account market conditions.**



# RELATIONSHIP FRAMEWORK BETWEEN THE CMU AND SOBS



**The RST supported the MoF with the implementation of a new cooperation framework and processes between the MoF, the CMU and SOBs.**

The RST assisted the MoF with developing and updating the Relationship Framework between the CMU and SOBs (CMU resolution N° 119 dated October 20, 2021), signed on October 29, 2021 (Relationship Frameworks between the CMU and Ukreximbank, the CMU and PrivatBank, the CMU and Oschadbank).

The RST assisted the MoF with developing the Relationship Framework between the MoF and Ukrgasbank, signed on April 23, 2021.



**The Relationship Framework is one of the milestones of the corporate governance reform in SOBs. The purpose of the Relationship Framework is to govern the relationship between the CMU, the MoF, and the Banks. The Relationship Framework aims to provide clarity about the interaction between the CMU, the MoF, and the Banks, safeguard the Banks' commercial independence in achieving its objectives, provide the MoF an appropriate level of accountability and possibility of input into certain material aspects of the Banks' management and commercial activities with the purpose to perform privatization of the Bank. The Relationship Framework has been developed to ensure that SOBs operate on a commercial basis without political interference.**





# NEW CORPORATE GOVERNANCE MODEL IN SOBS

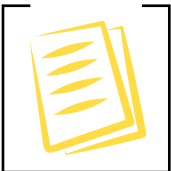


**The RST supported the MoF with the implementation of a new Corporate Governance model in SOBs.**

The RST assisted the MoF with analysis of the Code of Conduct (ethics), the Corporate Governance Principles (Code), the Regulation on the Ethics Commission of Ukreximbank, which were agreed by the IMF experts and approved by the bank's Supervisory Board on April 16, 2021.

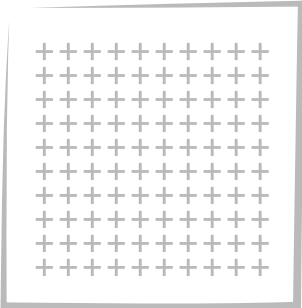
The RST assisted the MoF with analysis of the Code of Conduct (Ethics), the Code on Corporate Governance, the Regulation on the Ethics Commission of the Supervisory Board of PrivatBank, which were agreed by the IMF experts and approved by the bank's Supervisory Board on June 9, 2021.

The RST assisted the MoF with analysis of the Code of Conduct (ethics), the Whistleblowing Procedure and the Corporate Governance Code of Oschadbank, which were agreed by the IMF experts and approved by the bank's Supervisory Board on December 28, 2021.



**The purpose of implementation of the Code of Conduct (ethics) is to make SOBs employees aware of the uniform norms, principles of activity, ethics and conduct aimed at maintaining an impeccable image and reputation, increasing profitability, financial stability, the bank's performance and satisfying the interests of its customers. The Code of Conduct (ethics) contains basic guidelines that are used in the settlement of complex ethical and other situations.**

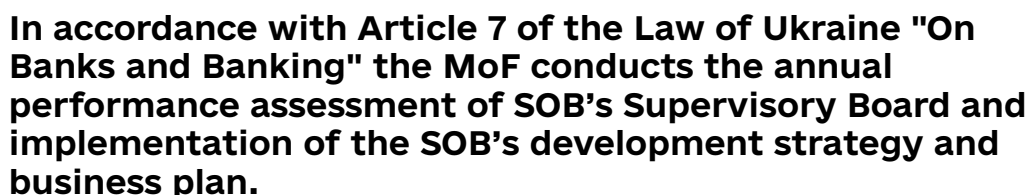
**The implementation of the Corporate Governance Principles (Code) is aimed at increasing the efficiency and trust in SOBs.**





The RST assisted the MoF with updating the set of documents on assessment of the Supervisory Board's performance of SOBs, considering comments provided by the IFIs and SOBs.

The RST assisted the MoF within the process of obtaining approval from IFIs and SOBs of the set of documents on assessment of the Supervisory Board's performance.



**The Assessment should be carried out essentially with the aim to improve the quality of the Supervisory Board's functioning as the bank's governing body and its effectiveness, to enhance the level of corporate governance in the bank.**

+



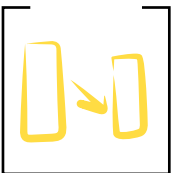
# NPL MANAGEMENT



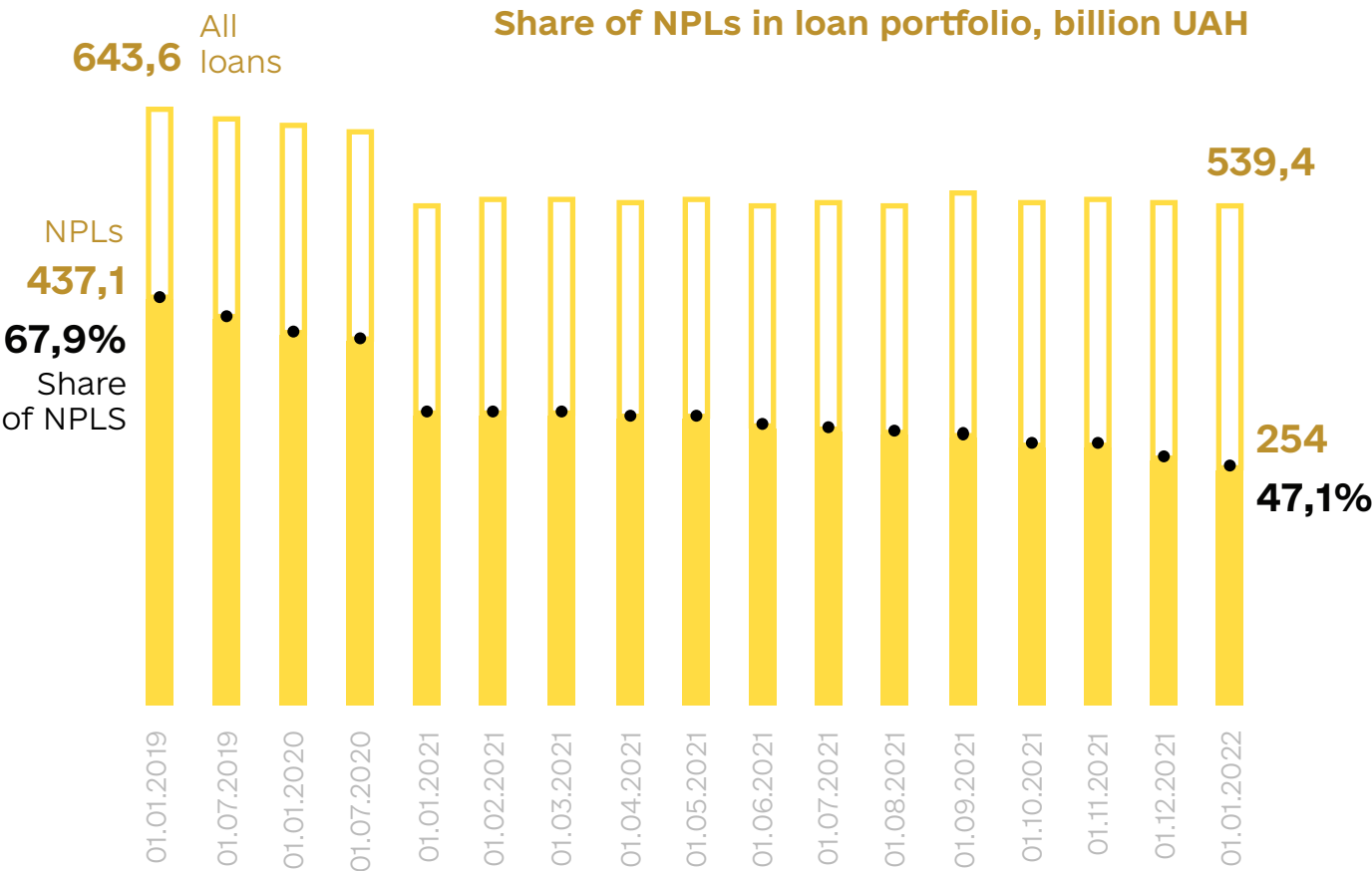
The RST supported the MoF with implementation and monitoring of results of the SOBs' efforts to resolve their NPLs.

The RST assisted the MoF with analysis of the progress on implementation of NPL resolution strategies by SOBs.

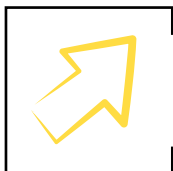
The RST assisted the MoF with analysis of international experience and developing report for monitoring results of the SOBs' efforts to resolve their NPLs.



The share of non-performing loans of SOBs is expected to decrease to less than 10% of the total credit portfolios of SOBs by 2024. It should help to increase the investment attractiveness of SOBs and create a sound competitive banking system that is largely privately owned.



## REDUCTION OF STATE'S SHARE IN BANKING SECTOR



**The RST supported the MoF with the implementation of exit plans of the State from ownership of the banks and strategic cooperation initiatives between SOBs and IFI's.**

The RST assisted the MoF with the analysis of transaction documents regarding entering the charter capital of Ukrgasbank by IFC (the Loan agreement and the Implementation agreement between JSB "Ukrgasbank" and IFC were signed on January 25, 2021).

The RST assisted the MoF with analysis of the privatization roadmap of Ukrgasbank agreed with IFC and approved by the MoF on June 29, 2021.

The RST assisted the MoF with analysis of the draft law on joining Oschadbank to Deposit guarantee fund before its submission to the Verkhovna Rada and with analysis of the potential impact of this draft law on the financial condition and activities of Oschadbank.

The RST assisted the MoF with the analysis of the mandate letter between Oschadbank and EBRD (was signed on June 25, 2021 and acknowledged by the CMU on October 22, 2021) and within the working group concerning Oschadbank subordinated debt project.



**Based on the updated Strategic Principles of Reforming for the State Banking Sector (strategic framework) approved by the CMU on September 2, 2020, the State's main goal is to create and maintain a sound and competitive banking system that is largely privately**

**owned in the medium term. Implementation of exit plans of the State from banks ownership should reduce the share of the State in the banking sector to below 25% by 2025 and enhance value creation in the banking sector. The State is planning to attract financially and operationally capable investors, with established and well-functioning banking activity, run according to the highest industry standards. Decreasing the share of the State in Ukrainian banking would help to achieve macroeconomic growth, through the establishment of a more stable financial system.**



2025

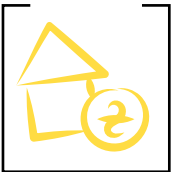
25%

# NEW CORPORATE GOVERNANCE MODEL IN UKRAINIAN FINANCIAL HOUSING COMPANY

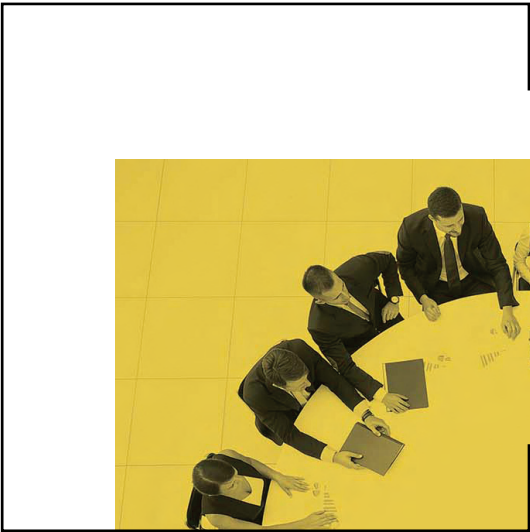
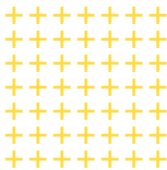


**The RST supported the MoF with the implementation of the effective Corporate Governance model in Ukrainian financial housing company.**

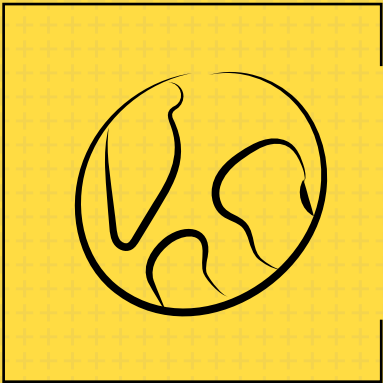
The RST assisted the MoF with developing the Ownership Policy, the Charter, the Regulation on the Supervisory Board, the Regulation on the Management Board, and the Corporate Governance Code of the Ukrainian financial housing company.



**The activity of the Ukrainian financial housing company based on the best corporate governance standards should help to restart lending to the population and provide affordable housing loans.**



**IMPROVEMENT  
OF INTERNATIONAL  
FINANCIAL  
COOPERATION  
PROCESS**



# IMPROVEMENT OF THE IFI PROJECTS RESULTS MONITORING PROCESS



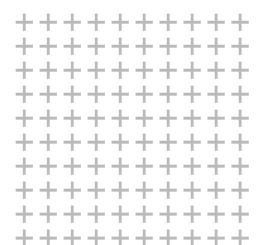
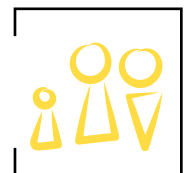
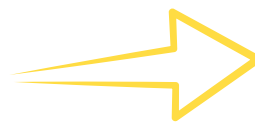
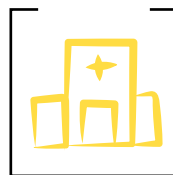
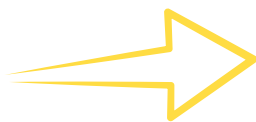
**The RST supported the MoF in the process of result-based approach introduction throughout the whole project cycle of IFI projects.**

The RST prepared the analysis of 15 IFI projects and sub-projects and conducted 4 online trainings for representatives of the Ministries (Implementing Agencies) and Beneficiaries of the investments projects on the results indicators (outcomes) determination procedure and its monitoring.

The RST developed the Guidelines on the defining and monitoring of the IFI projects' results indicators (outcomes).



**These activities have increased the institutional capacity of the Ministries and Project Beneficiaries and improved the efficiency of the IFIs projects results monitoring. Defining and monitoring the outcomes of IFI projects will clearly show the effectiveness of the fund's utilization.**



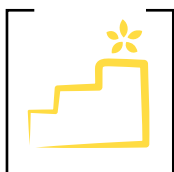
# NEW APPROACHES TO EFFICIENT COOPERATION WITH IFIS



The RST assisted the MoF with IFIs portfolio reviews to overview the projects' status and pipeline in Ukraine's public sector: implementation progress and strategic priorities.

In 2021 the RST supported the MoF to hold online project portfolio reviews of the International Bank for Reconstruction and Development, European Bank for Reconstruction and Development, and European Investment Bank.

The RST assisted the MoF in the development of recommendations on eliminating bottlenecks and obstacles for the efficient implementation of IFI projects.



The optimization efforts inter alia were aimed at increasing the disbursement level and coordination of necessary steps on project efficient implementation.

## IFIs project portfolio disbursement

USD Million



THE WORLD BANK  
IBRD + IDA

67,26%

3 977,53

EUR Million



European  
Investment  
Bank

19,12%

4 520



European Bank  
for Reconstruction and Development

46,37%

2 192,3



THE WORLD BANK  
IBRD + IDA

300 (100%)

IFIs project portfolio  
amount, million

Euratom

297,62 (99,21%)

7 553.34

KFW

207,5 (35,44%)

3 977.53

NEFCO

30 (6,66%)

USD

EURO



# ENHANCED EFFECTIVENESS AND TRANSPARENCY OF THE MOF PROCESSES



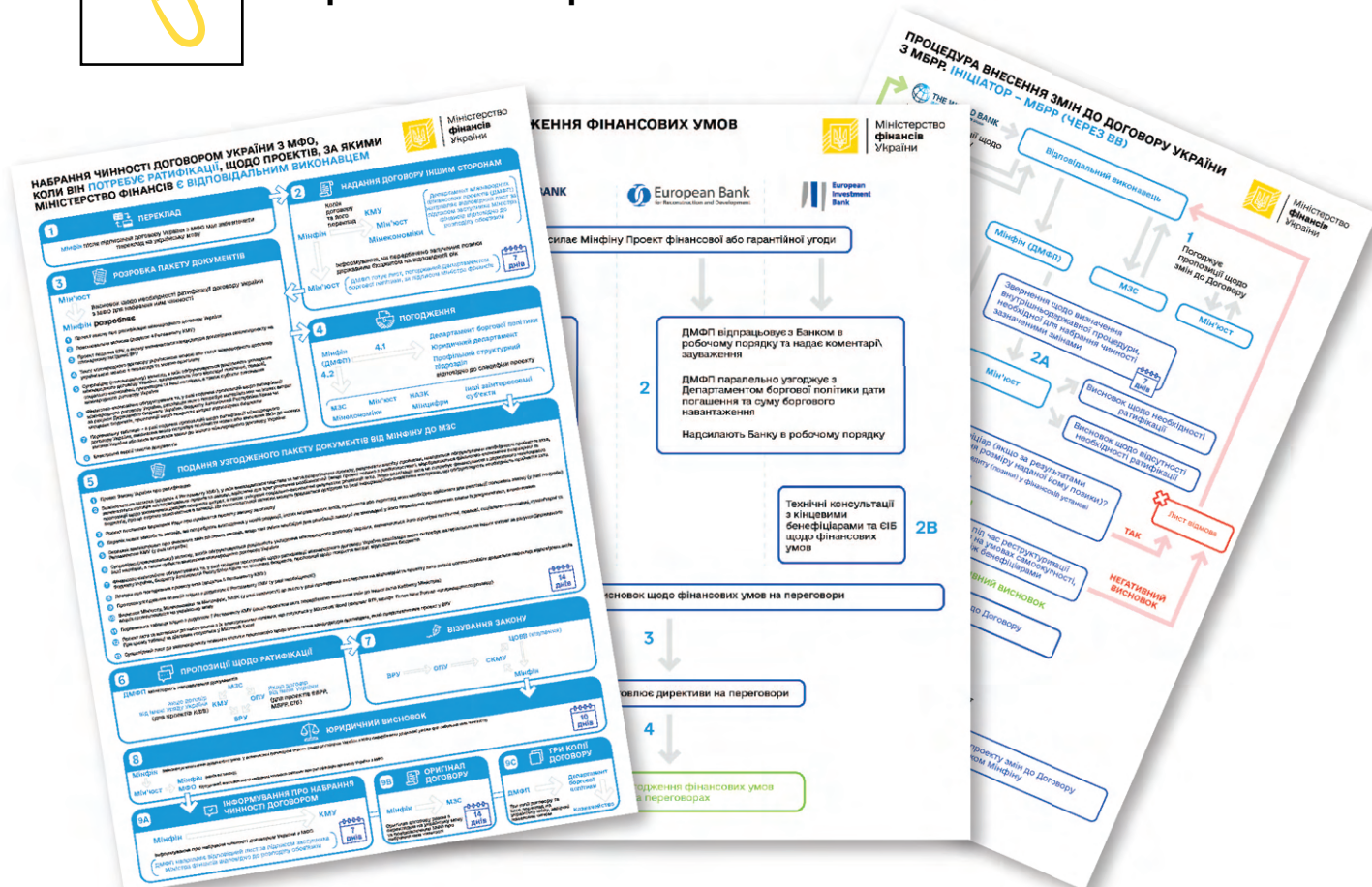
The RST provided support to the MoF in reviewing procedures on IFI projects and preparing process infographics in accordance with the best management standards and practices.

The RST supported the MoF in the analysis of the project cycle procedures in accordance with the CMU resolution № 70 dated January 27, 2016 and prepared the relevant description of the processes and visualization, which makes the procedures more transparent and contributes to the unification of approaches and systematization of the processes.

In addition, the RST prepared the checklists that are successfully used in the preparation and implementation of IFI projects.



The aforementioned documents sustainably improved the transparency of IFI projects preparation and implementation processes.





# NEW APPROACHES TO IMPROVE PEOPLE'S LIVES AND ECONOMIC STABILITY



The RST supported the MoF with the preparation of the key IFI projects.



**USD 350 MILLION** Loan agreement between Ukraine and the International Bank for Reconstruction and Development for the First Economic Recovery Development Policy Loan. The loan funds were directed to the recovery and development of the economy during the pandemic, to social support for vulnerable groups, as well as to strengthen state institutions.



**EUR 270 MILLION** Guarantee Agreement between Ukraine and the European Investment Bank for the loan to the state-owned Boryspil International Airport for airport infrastructure rehabilitation and aviation security and safety enhancement.



**EUR 340 MILLION** Loan agreement between Ukraine and the European Investment Bank for Ukraine Recovery Programme. The Programme will support infrastructure rehabilitation and improve living and business conditions in conflict-affected regions of eastern Ukraine, including oblasts that host a significant number of internally displaced persons.



**EUR 200 MILLION** Loan agreement between Ukraine and the European Investment Bank for Urban Public Transport of Ukraine II. Loan aimed at creating conditions for providing high-quality services for the transportation, in particular the purchase of exclusively electric public transport – trams, trolleybuses, electric buses, subway cars, as well as the construction and renovation of tram and trolleybus lines, replacement of traction substations.



The IFIs loans are crucial for new investments, particularly for the social sphere, healthcare, infrastructure, energy sectors.

# BETTER STRATEGICAL AND OPERATIONAL PLANNING TO ENSURE EFFICIENCY OF IFI PROJECTS



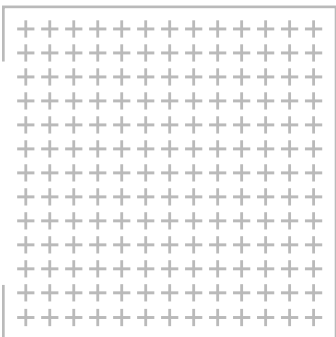
**The RST assisted the MoF in developing IT tools that will help the MoF set priorities, strengthen operations and ensure the efficiency of IFI projects.**

The RST assisted the Ministry in developing IT tools for monitoring of IFI projects preparation and implementation and analysis of the demand on financial resources for IFI projects in the following budget years in accordance with the law "On the State budget".

The monitoring process of IFI projects implementation became more transparent and precise. Furthermore, the instrument helps to analyze previous events and transactions in order to make predictions about the necessary actions as well as forward-looking and comprehensive solutions for the effective implementation of IFI projects.



**These IT tools increased the institutional capacity and efficiency of the Ministry of Finance in the IFI projects monitoring process during the whole project cycle.**





The Reform Support Team at the Ministry of Finance is a part of the innovative Ukraine Reforms Architecture programme (URA), supported by the EBRD's Ukraine Stabilisation and Sustainable Growth Multi-Donor Account (MDA) and managed by the EBRD.

The contributors to the MDA are Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, Norway, Poland, Sweden, Switzerland, the United Kingdom, the United States of America, and the European Union, the largest donor.



