



REPORT ON THE IMPLEMENTATION OF THE STRATEGY FOR PUBLIC FINANCE MANAGEMENT SYSTEM REFORM IN 2022

01.06.2023

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INTRODUCTION

2022 is the first year of implementation of the Strategy for Public Finance Management System Reform in 2022–2025, which has been developed in accordance with the general European public administration principles by SIGMA/OECD.

At the same time, 2022 was the most challenging and tragic year in the contemporary history of Ukraine. Ukraine has not only preserved its existence and keeps repelling the aggressor during the full-scale military aggression of the Russian Federation against Ukraine, but it continues its reforms, namely in the field of public finance management system.

The comprehensive support granted to Ukraine by our international partners in order to overcome the challenges faced by the country and to implement system-wide changes has turned out to be especially valuable in such conditions.

Despite the circumstances and challenges of the reporting year, the Ministry of Finance, the Treasury, the State Tax Service (STS), the State Customs Service, the Ministry of Economy, the State Audit Service, the Accounting Chamber, the NACS and other public authorities supported by their development partners have ensured sustainable operation of the state machinery and stability of public finance and continue implementation of the Strategy goals in each area of the public finance management system.

Material progress has been achieved in certain areas of the Strategy even during the martial law. However, some of the Strategy tasks have had to be suspended on a temporary basis while certain activities are implemented with a delay against the initial deadlines, with account of the war-time reality.

In 2023, SIGMA Programme is assessing the state of affairs in the public administration system of Ukraine; the public finance management system is one of its key components. The assessment report as well as EC reports on the countries within preparation of the EU Enlargement package will be a guide on further reformation of the public administration system.

At the same time, despite the war-time conditions, the Government of Ukraine will keep reforming the public finance management system by implementing this Strategy and will not wait for the war to end.

This Report presents the principal achievements of the Strategy in 2022, the resulting indicators by each component of the Strategy as well as analysis of differences between the targets and actual results.

LIST OF ABBREVIATIONS

Strategy	Strategy for Public Finance Management System Reform in 2022–2025
MSU	Main spending units
PIFC	Public internal financial control
EC	European Commission
RCC	Revenue classification code
CSPCC	Code of the Standard Programme Cost Classification and Budget Crediting
ICS	Information and communications system
IMF	International Monetary Fund
OSAS	Oblast State Administrations
OECD	Organisation for Economic Cooperation and Development
VAT EAS	VAT electronic administration system
SMCRA	System for monitoring of compliance of tax invoices / correction calculations with the risk assessment criteria
CEA	Central executive authorities
EU4ACU	Project “Strengthening Capacities in External Audit in Line with International Standards in Ukraine”
EU4PFM	Project “EU Public Finance Management Support Programme for Ukraine”
INTOSAI	International Organization of Supreme Audit Institutions
ISSAI	International Standards of Supreme Audit Institutions
OBI	Open Budget Index
SIGMA	Support for Improvement in Governance and Management

KEY ACHIEVEMENTS, CHALLENGES, PROSPECTS, AND COORDINATION OF THE STRATEGY IMPLEMENTATION

Key Achievements and Challenges

The full-scale military aggression of the Russian Federation against Ukraine has caused numerous challenges for public finance of Ukraine, including the falling GDP, reduced scope of the foreign economic activity, underpayment of taxes and customs duties to budgets, major increase in the state budget deficit, difficulty fulfilling debt obligations, uncertainty and inability to forecast duration of the war, the scale of further destruction and losses and impact thereof upon public finance in realistic terms.

In general, the negative impact of hostilities in the territory of Ukraine has resulted in the disastrous safety, humanitarian and economic situation and significant financial losses in Ukraine.

However, owing to the reforms that had been implemented for the recent years, the public finance management system demonstrated sufficient resilience even in extreme conditions of the full-scale war. In order to mitigate negative effects for public finance and the Ukrainian economy as a result of the military aggression of the Russian Federation against Ukraine, in 2022, the Ministry of Finance introduced the priority anti-crisis measures in the budget and debt policy, which ensured macroeconomic and financial stability of Ukraine, refocused the state budget for military purpose and allowed the most necessary social expenditures to support the population. Treasury servicing of the budget was continuous, and all the control procedures for payments and all the necessary reporting remained in effect. It enabled the Government of Ukraine to obtain considerable budget support from the international partners and ensure targeted and transparent use thereof.

In general, the State Budget of 2022 eventually demonstrated much better indicators of deficit and budget debt than the forecast ones, in particular, within the Monitoring Programme involving the IMF Board. Flexibility of the economy and appropriate administration of taxes and levies enabled tax proceeds of the consolidated budget (state and local budgets) at the level that was only 8% lower than in 2021. Those numbers considered the benefits and other emergency measures introduced at the beginning of the war.

The Ministry of Finance also managed to ensure efficient organisation of the budgeting process in the context of high uncertainty caused by the war, so the Law of Ukraine “On the State Budget of Ukraine for 2023” was adopted by the Verkhovna Rada of Ukraine within the record-breaking time frames, on 03.11.2022.

In order to ensure the debt resilience, during the reporting year, the Ministry of Finance succeeded in negotiating with the foreign investors and arranged deferral of payments under all the Eurobonds issued and guaranteed by the state for two years, for the total amount of around USD 21.1 billion. Also, the Memorandum of Understanding on Official Debt Payments Suspension with International Partners in the G7 and Paris Club until the end 2023 was signed, with possible extension of the suspension for another year.

Moreover, financing of the state budget was ensured with state external borrowing from foreign creditors, including international financial organisations, and grants from the partnering countries. In particular, the Public Expenditures for Administrative Capacity Endurance (PEACE) Project

was launched together with the World Bank: the financing made USD 11.3 billion and EUR 1.4 billion of borrowed and grant funds.

In order to ensure the priority budget expenditures for defence and security, the military domestic government bonds started to be issued and raised almost UAH 200 billion.

In 2022, material progress was achieved in bringing the national tax and customs legislation in line with EU acquis despite the war, which was also noted in the European Commission's report.

On 19.08.2022, Ukraine signed the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (MCAA CRS).

On 03.11.2022, Ukraine signed the Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports (MCAA CbC).

On 01.10.2022, Ukraine became a full member of the Convention on a Common Transit Procedure and the Convention on the Facilitation of Formalities in Trade in Goods, and started to apply the New Computerized Transit System (NCTS).

In order to support micro, small and medium-sized businesses during the martial law, the tool of portfolio-based state guarantees gained even more relevance. As of the beginning of 2023, the lending banks serviced the portfolio of the loans secured with portfolio-based state guarantees for the total amount of UAH 52.7 billion.

In 2022, the legal and normative acts aimed at improving the tools for managing temporarily free funds in the Treasury's single treasury account and foreign currency accounts and at developing medium-term budget planning were adopted.

Also, the work was continued to improve the national rules (standards) of public sector accounting in accordance with the International Public Sector Accounting Standards.

The activities were performed to keep developing the PIFC system. In particular, the reporting period established the regulatory and organisational framework for introducing national certification of internal auditors, improved regulatory and guideline support of the PIFC, and continued implementation of the training programmes on internal control and internal audit.

According to Open Budget Index 2021 published in 2022, Ukraine reached the 23rd position and took hold on the list of the countries with access to material information.

Also, Ukraine received GlobalCapital Bond Awards 2022 and ranked second in the Most Impressive Issuer from the CIS and Former CIS Countries.

Prospects

The priorities for 2023 include resumption of the processes suspended at the beginning of the war in the field of public finance management to the most possible extent as well as preparation necessary for broad-scale recovery of the country and European integration.

The key priorities for 2023 are as follows:

- resuming the practice of medium-term budget planning by



accompanying the draft State Budget of Ukraine for 2024 with the forecast principal budget indicators for 2025 and 2026. The next Budget Declaration for 2025–2027 is going to be prepared in spring 2024;

- resuming the practice of making cost reviews of the state budget as well as determining approaches to improve the cost review method with the support by SIGMA Programme;
- increasing efficiency of public investment management;
- updating the fiscal equalisation system with account of the new reality;
- strengthening the capacity of local self-government bodies for managing fiscal risks of local budgets;
- completing the principal works to develop the IT system for budget implementation planning and monitoring with the support of EU4PFM Project;
- developing the integrated IT platform for public sector accounting;
- cancelling the emergency measures introduced at the beginning of the full-scale war (reduced rate of the single tax for the individual entrepreneurs of group III, voluntary payment of the single tax for the individual entrepreneurs of groups I and II etc.);
- resuming documentary inspections, penalties for violation of the tax legislation and procedure for using cash registers;
- developing the multi-year National Revenues Strategy with the support of the IMF experts, which will include without limitation measures to enhance tax and customs administration, expand the tax assessment base in order to ensure sufficient resources for post-war recovery of Ukraine;
- developing amendments to the tax and customs legislation in order to fulfil the European integration commitments;
- continuing to develop IT services of the STS and the State Customs Service.

Strategy Implementation Coordination

The activities performed to implement the Strategy are performed by the Ministry of Finance, namely the Directorate for Strategic Planning.

To ensure the effective implementation of this Strategy, there is a three-tier coordination mechanism in place, which includes:

- working sub-groups formed in accordance with the components of the public finance management system, which review information on the implementation of the action plan for the implementation of this Strategy, and consider the matters of amendments thereto, if necessary, and prepare relevant proposals and draft decisions;
- the interdepartmental working group on the development of the public financial management system, which monitors and evaluates the state of implementation of this Strategy, and reviews reports on the evaluation of its effectiveness;
- The Coordinating Council for Public Administration Reform, which coordinates the actions of the executive bodies in the implementation of this Strategy and execution of the action plan for its implementation, and monitors and evaluates the effectiveness of their implementation and execution. The Coordinating Council for Public Administration Reform ensures coordination of activities within the implementation of the Strategy, operating on the basis of Regulation on Coordinating Council for Public Administration Reform approved by the Resolution of the Cabinet of Ministers of Ukraine No. 335 of 18.05.2016 «On Coordinating Council for Public Administration Reform».

In 2022, the Ministry of Finance arranged submission of the quarterly reports on the implementation of the Strategy to the Cabinet of Ministers of Ukraine and the Coordinating Council for Public Administration Reform.

The first meeting of the interdepartmental working group on the development of the public financial management system following the approval of the Strategy was held on 15.02.2022. The meeting was attended by more than seventy participants, who represented the public authorities from the public finance management system and international development partners. The priority tasks of the Strategy for 2022 and the matters of support thereof by the development partners were discussed at the meeting.

The tasks of the Strategy in the field of budget, debt, tax and customs policies were discussed from May to September 2022 as a part of preparation of the Recovery Plan of Ukraine with participation of the representatives of the Government, the Verkhovna Rada, international partners, expert community and business associations.

The second meeting of the interdepartmental working group on the development of the public financial management system was held on 22.03.2023. The event was also attended by more than eighty participants, who represented the public authorities from the public finance management system and key international development partners. The challenges and progress of the Strategy in 2022 as well as principal directions of the public finance management reform in 2023 in the context of Ukraine's accession to the EU were discussed during the event.

The annual Report on Implementation of the Strategy is provided for by point 17 of the Operational Conclusions following the sixth meeting of Cluster 1 of the Subcommittee on Economy and Other Industry-Specific Cooperation of the EU-Ukraine Association Committee (26.10.2021, Kyiv) and point 2 of Ordinance of the Cabinet of Ministers of Ukraine No. 1805-p of 29.12.2021 «On Approving the Strategy for Public Finance Management System Reform in 2022–2025 and the Action Plan for Implementation Thereof».

ASSESSING PROGRESS OF IMPLEMENTATION OF THE STRATEGY IN EACH AREA OF THE PUBLIC



1. Taxation system



General goal: to build an up-to-date and fair tax system that ensures the equality of all taxpayers before the law and reduces the taxpayers' costs and time for tax administration.

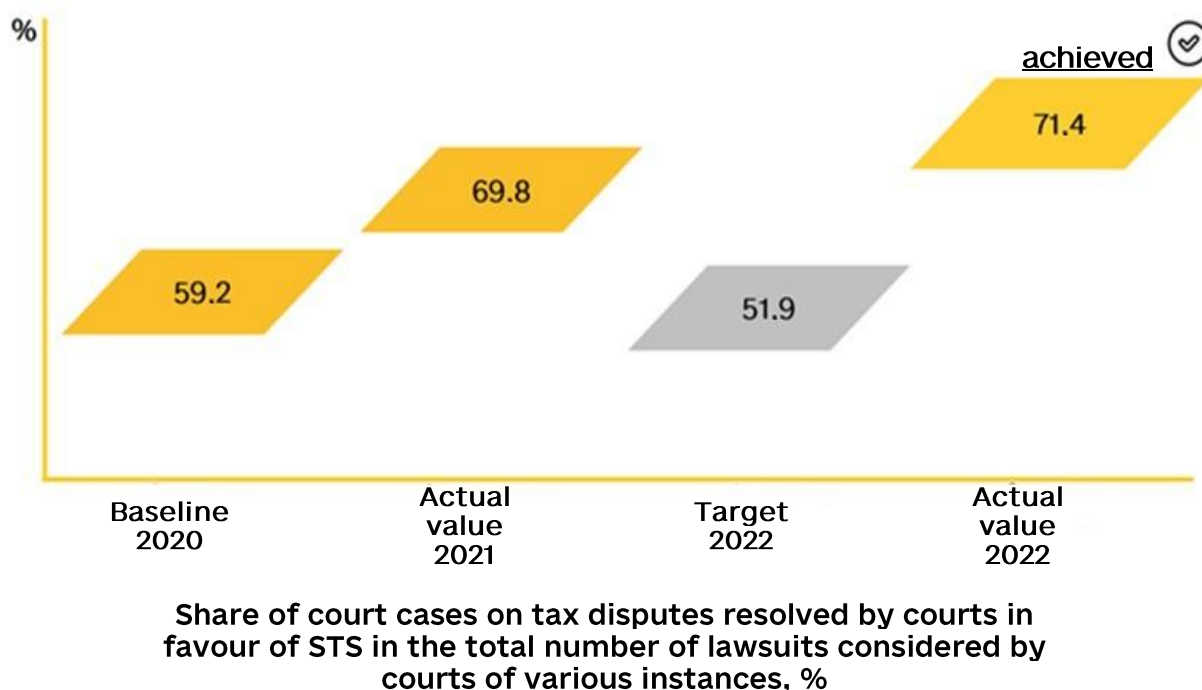
Progress in achieving the planned results is determined by the following indicators:

- ✓ increasing the share of court cases on tax disputes resolved by courts in favour of STS in the total number of lawsuits considered by courts of various instances;
- ✓ increasing the level of taxpayers' satisfaction with the services rendered by STS according to the results of periodic surveys;
- ✓ reducing the time spent by a taxpayer on submitting reports and paying taxes.

In 2022, the key taxation task in the context of the martial law was to ensure stable operation of the tax authorities so that they would mobilise internal resources to finance the security and defence sector. At the same time, the priority actions necessary to adapt business to the war reality, facilitate gradual recovery of business activities and resolve relevant issues of tax payers were taken.

Despite the war reality, material progress was achieved in implementation of the Strategy for this component during the reporting year. As a result, the corresponding indicators of the Strategy for 2022 were achieved.

☑ In 2022, the courts of different instances resolved 13.5 thousand disputes in favour of the STS bodies for the total amount of UAH 55.1 billion, which was 71.4% of the total number of the disputes resolved by the courts.



In total, 72.7 thousand disputes involving the STS bodies were considered by courts of different instances for the amount of UAH 351.7 billion, including

18.9 thousand disputes considered by courts for the total amount of UAH 110.0 billion.

For reference, in 2021, the resolved 25.4 thousand disputes for the amount of UAH 105.9 billion, including 17.7 thousand disputes for the amount of UAH 79.4 billion in favour of the STS bodies, which was 69.8% of all the disputes considered by the courts.

It should be noted that in 2022 the courts considered fewer cases than in 2021, which was connected without limitation with the downtime of the STS and its territorial bodies in some of the regions of Ukraine in accordance with Order of the STS No. 234-o of 24.02.2022 as well as suspension of litigations by the courts of various instances at the initial stages of the full-scale invasion of Ukraine by the Russian Federation.

☑ According to the nationwide survey of taxpayers regarding their attitude to the STS bodies, the overall score given to the STS bodies under the six-point scale made 5.05 in 2022.



Level of taxpayers' satisfaction with the services rendered by STS according to the results of periodic surveys, points (under the six-point scale)

For reference, that indicator for 2021 made 4.52 points.

The nationwide survey of the taxpayers during the reporting year involved respondents from almost all the regions of Ukraine¹.

❓ As for the indicator **“Time spent by a taxpayer on submitting reports and paying taxes”**, it cannot be assessed on a temporary basis since this indicator is calculated based on Doing Business ranking, which has been suspended.

A number of temporary simplifications for businesses were introduced in 2022 during the martial law, which was supposed to influence the corresponding indicator (with account of special aspects of the ranking method, the impact could be reflected in the next years).

1.1. Improvement of the effectiveness of tax administration and quality of services rendered to taxpayers

¹ Except for the territories of Ukraine that have been temporarily occupied by the Russian Federation.

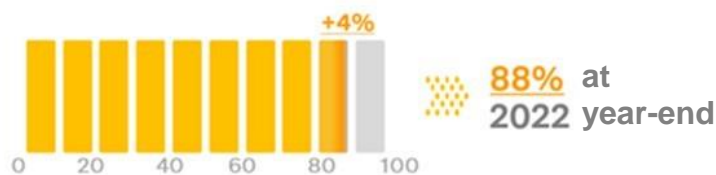
A number of amendments to the Tax Code of Ukraine, namely as to the environmental tax, the excise duty, the VAT etc., entered into force on 01.01.2022 and on 01.03.2022. Moreover, certain innovations in the Tax Code of Ukraine (in particular, in the field of excise taxation) were aimed at bringing the national tax legislation in line with the EU legislation.

Also, in pursuance of the activity performing to keep bringing the tax legislation in line with the EU legislation, in 2022, the Ministry of Finance worked to process the comparative tables on Directive 2011/64/EU together with the EU Side; as a result, the discussion of implementation of the clause of the Association Agreement in terms of excise duties on tobacco products was completed.

Moreover, on 13.10.2022, the Ministry of Finance sent the EU Delegation to Ukraine the comparative table on implementation of Council Directive 2003/96/EC in terms of the list of excise goods. The dialogue with the EU side is under way.

Also, in 2022, the Ministry of Finance drafted the Law of Ukraine «On Amending the Tax Code of Ukraine to Bring the Legislation of Ukraine in Line with the Legislation of the European Union in Terms of the Excise Duty»².

In general, according to the Report of the Cabinet of Ministers of Ukraine on Implementation of the Association Agreement between the European Union and Ukraine, progress in fulfilment of the Tax obligations in 2022 made +4%.



Introduction of e-audit continued in pursuance of the Strategy in 2022. In particular, on 22.06.2022, the STS presented technical description of the standard audit file SAF-T UA for developers and suppliers of ERP systems and accounting software. On 29.07.2022, the tab «XSD for SAF-T UA» was placed on the web-portal of the STS, and taxpayers were given an opportunity to download the file. Also, the ITS «Electronic Account» was modified last year, in particular, in order to expand the function of receiving and storing SAF-T UA.

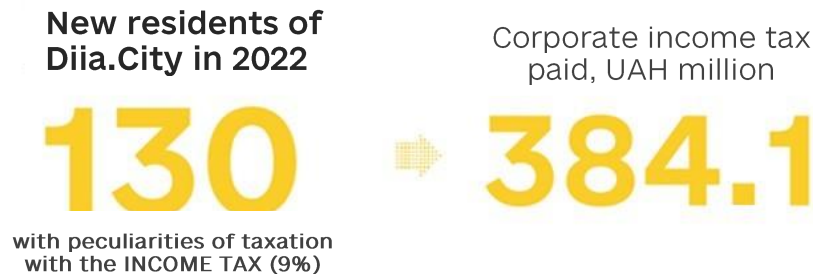
The ITS “Electronic Account” remains the most popular tax service, with more than 130 services available. During the reporting year, four million taxpayers used its functions and services. Moreover, the other electronic services of the STS were improved during the reporting year.

On 17.03.2022, the Order of the Ministry of Finance «On Approving the Form of the Application for the Legal Entity’s Transition to Taxation as a Resident of Diia City Paying Taxes under Special Conditions, or Refusal from Such Taxation, and the Procedure for Submission and Consideration of Such Application» (No. 99), which was registered with the Ministry of Justice on 29.03.2022 under No. 364/37700 and entered into force on 31.03.2022, was issued. Then the STS allowed submission of such Application in electronic form.

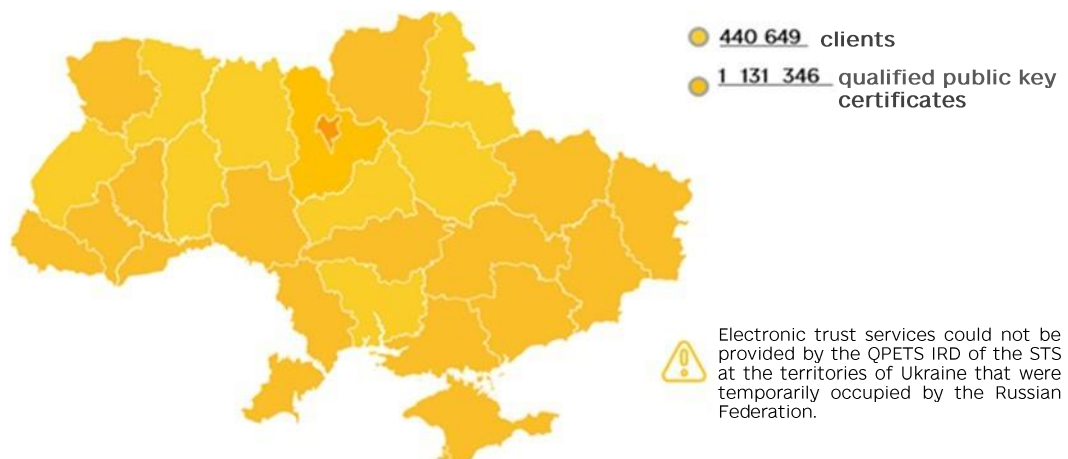
² The Draft Law was submitted to the Cabinet of Ministers of Ukraine on 20.04.2023.

Owing to the activities performed in 2022, 130 taxpayers selected taxation as residents of Diia City paying taxes under special conditions³.

The STS and the Ministry of Digital Transformation also implemented the joint project in the field of tax reporting and payment digitalisation, in particular, submission of the single tax return of group three for the period of martial law, state of emergency (at 2% rate) and payment thereof in Diia.



Furthermore, in 2022, the services of the Qualified Provider of Electronic Trust Services, the Information and Reference Department of the STS (QPETS IRD of the STS) were used by more than 440 thousand clients, who were issued 1,131,346 qualified public key certificates.



On 28.11.2022, the Ministry of Finance presented the amendments to enhance operation of the SMCRA. The amendments had been developed together with the STS, businesses and tax experts. On 23.12.2022, the Procedure for Suspending Registration of the Tax Invoice/Correction Calculation with the Unified Register of Tax Invoices was amended by the decision of the Government of Ukraine. The corresponding amendments are aimed at creating favourable conditions for registration of tax invoices, eliminating misunderstanding between taxpayers and regulatory authorities, and enabling the state to fulfil its obligations to taxpayers on time in terms of VAT refund from the budget.

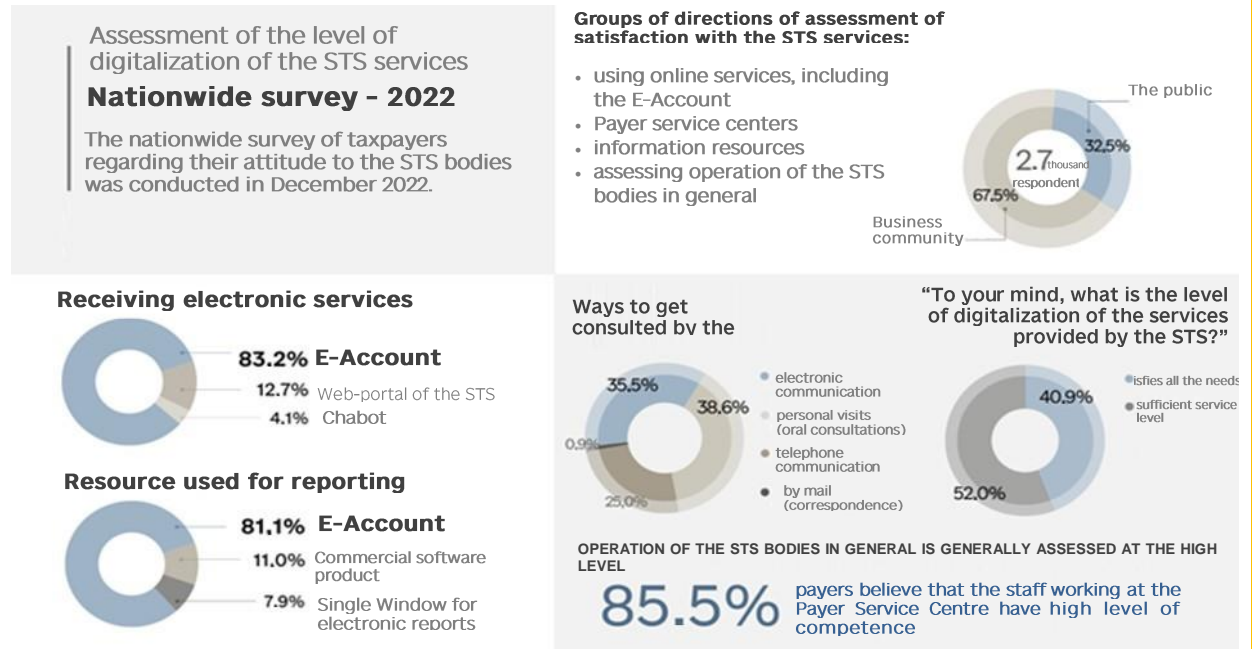
Also, the Resolution of the Government of Ukraine «On Amending the Procedure for Electronic Administration of the Value Added Tax» (No. 1377) was adopted on 09.12.2022. It amended the rules for calculating the indicator «InvRec» in the VAT EAS.

In order to study the level of taxpayers' satisfaction with the services provided by the STS, the nationwide survey of taxpayers about their attitude to the STS bodies was conducted from 29.11.2022 until 18.12.2022. The information notice inviting to participate in the survey was published on the web-portal of the

³ As of 26.04.2023, there were already 236 residents of Diia City.

STS, on the Facebook page of the STS and in the Telegram channel as well as sub-sites of the web-portal of the STS.

The findings of the survey were analysed, and the report on the survey was prepared.



On 30.12.2022, the STS approved the Action Plan for Improving the Taxpayer Service System following the nationwide online survey of payers.

Information on findings of the survey was published on the web-portal of the STS: <https://tax.gov.ua/media-tsentri/prezentatsiyni-materiali/654759.html>.

At the same time, when the martial law was imposed in Ukraine in accordance with Decree of the President of Ukraine No. 64 of 24.02.2022, lots of tax innovations were introduced in connection with the need to support Ukrainian business and resolve relevant tax issues of taxpayers during the martial law.

The current priority of Ukraine in the taxation field is fulfil its commitments regarding the tax policy assumed within the framework of the Memorandum of the Economic and Financial Policy of 24.03.2023, in particular, recovery of the pre-war taxation system, maintenance of the adequate level of mobilisation of internal resources for budgets of all levels as well as improvement of tax administration and tax services. Development of the National Revenues Strategy is also on the agenda.

1.2. Widening of the tax base

On 19.08.2022, Ukraine signed the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (MCAA CRS).

**Jurisdictions
participating in**

100+

*Including all the EU countries

First data exchange for 2023
between the STS and
competent authorities of the
partnering jurisdictions



2024

The purpose of signing the MCAA CRS is for Ukraine to join the international system for automatic exchange of financial account information in accordance with the Common Reporting Standard adopted by the OECD Council on 15.07.2014, which will aid in creating the more transparent tax environment and improving Ukraine's image as a reliable and equal partner in international information tax relationships.

On 16.11.2022, the Verkhovna Rada of Ukraine adopted the draft law «On Amending the Tax Code of Ukraine regarding Implementation of the Standard for Automatic Exchange of Financial Account Information» in the first reading⁴. The draft law was developed for Ukraine to introduce the Common Reporting Standard and due diligence of financial account information, which provides for annual international automatic exchange of financial account information.

Also, on 03.11.2022, Ukraine signed the Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports (MCAA CbC).



Scheduled deadline for the STS to complete the assessment by the Global Forum regarding maturity of the information security management system

2023

The mandatory condition for Ukraine to join international automatic exchange of information is for the STS to complete the assessment by the Global Forum regarding maturity of the information security management system. The final assessment stage includes a visit of experts of the Global Forum to the country being assessed, in order to analyse whether the tax authorities comply with the data confidentiality and security requirements in practice.

Order of the Ministry of Finance No. 139 of 13.05.2022 approved the action plan for the STS to implement the clauses of the Tax Code of Ukraine regarding automatic exchange of reports in terms of countries of international company groups. The order regulated the measures to be taken to implement the mechanism for automatic exchange of inter-state reports with account of expert assessment and recommendations by the OECD.

On 22.07.2022, the STS signed the contract for procuring the services to develop the software «Subsystem 'Automatic Exchange of Tax Information' as a Component of the International Automatic Exchange of Information ICS». The actions were taken to connect the STS to the test environment Common Transmission System (CTS), and the prototype of the software of the subsystem «Automatic Exchange of Tax Information» was installed at the equipment of the STS for testing. The subsystem is being tested in the area of CbC⁵.

⁴ The Verkhovna Rada of Ukraine adopted the Law in its entirety on 20.03.2023. The Law was signed by the President of Ukraine on 21.04.2023.

⁵ On 03.03.2023, the STS was connected to the CTS.

In pursuance of the Strategy as well as implementation of the Action Plan for Countering Base Erosion and Profit Shifting (BEPS), the procedures for establishing conformity of conditions of a controlled transaction involving primary goods to the arm's length principle were approved by Order of the Ministry of Finance No. 19 of 18.01.2022 (registered with the Ministry of Justice on 16.06.2022 under No. 662/37998).

Also, the forms of the Report on Controlled Foreign Companies (CFC), the Summary Report on CFC, the Procedure for Completing the Report (Order of the Ministry of Finance No. 254 of 25.08.2022 registered with the Ministry of Justice on 11.10.2022 under No. 1219/38555), the Procedure for Inspecting the Controlling Entity (Order of the Ministry of Finance No. 360 of 01.11.2022 registered with the Ministry of Justice on 18.11.2022 under No. 1432/38768) were approved.

Introduction of the rules for controlling transfer pricing within Ukraine's commitments on implementation of the BEPS Plan and CFC taxation rules and international taxation standards promote efficient tax control over international transactions, widens the tax base and has a positive impact upon budget proceeds.

On 02.12.2022, the Government of Ukraine issued an ordinance to submit the Protocol between the Government of Ukraine and the Government of the State of Qatar on amending the Agreement between the Government of Ukraine and the Government of the State of Qatar for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income to the Verkhovna Rada of Ukraine for ratification (Ordinance No. 1085-p of 02.12.2022 registered with the Verkhovna Rada of Ukraine on 05.12.2022 under No. 0180)⁶.

Further steps to widen the tax base are intricately connected with implementation of the Action Plan for Countering Base Erosion and Profit Shifting (BEPS), namely drafting of the law on improving the rules for controlling transfer pricing, introduction of automatic exchange of information for tax purposes (CRS and CbC) as well as revision of bilateral international treaties on the avoidance of double taxation.

2. Customs system



General goal: to promote international trade and security by further reducing the level of illegal movement of goods across the customs border of Ukraine and monetary and time costs for bona fide businesses to complete customs formalities.

Progress in achieving the planned results is determined by the following indicator:

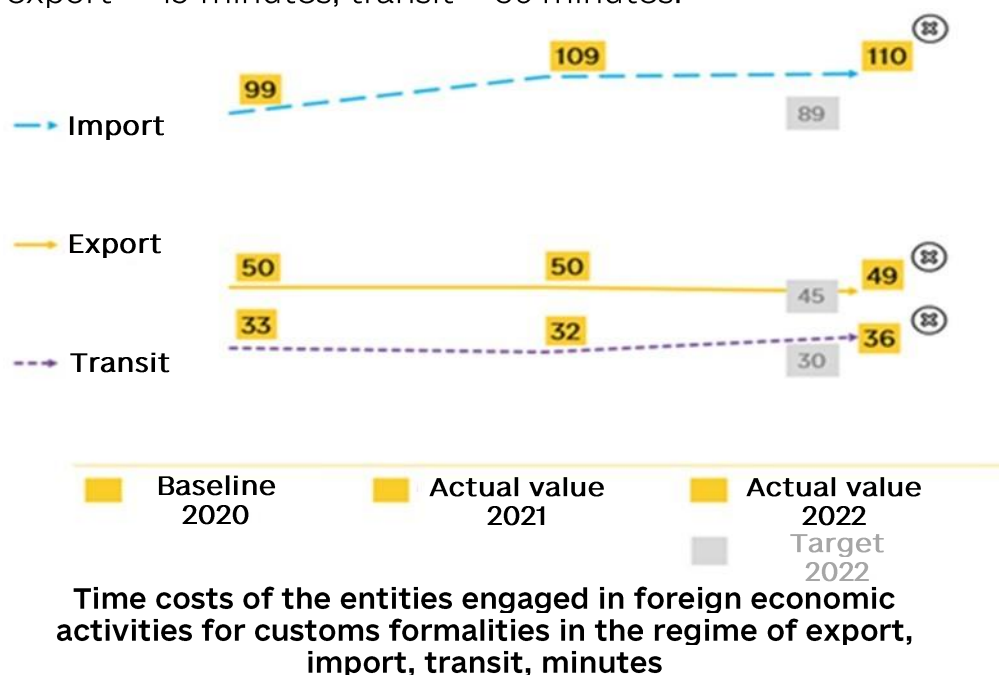
✓ **reducing time costs for entities engaged in foreign economic activities associated with the customs procedures (average time of customs clearance of goods for which the Automated Risk Assessment and Management System (ARAMS) did not generate a list of customs formalities) in the regime of export, import and transit.**

⁶ On 10.04.2023, the Verkhovna Rada of Ukraine ratified the corresponding Protocol.

In 2022, the priority measures in the customs system in the context of martial law were aimed at improving the customs legislation in order to satisfy the needs of the country's defensive ability, assisting in import of humanitarian aid for the Armed Forces of Ukraine into the customs territory of Ukraine, and preventing commercial uses of goods disguised as humanitarian aid, controlling lawful application of customs duty benefits, and preventing state budget losses.

At the same time, during the reporting year, Ukraine achieved material progress in the direction of the Strategy «Improvement of the customs controls and harmonization of customs procedures, and facilitation of international trade».

⊗ In 2022, the average time of customs clearance of goods for which the Automated Risk Assessment and Management System (ARAMS) did not generate a list of customs formalities in the regime of import made 110 minutes, export – 49 minutes, transit – 36 minutes.



Deviation of average time values of customs clearance from the target values is explained by the causes associated with the martial law as well as rules of the effective legislation. In particular, delays in customs clearance of goods were caused without limitation by the air raid alert in the territory of operations of the customs authority; electric power cuts; carrying capacity of checkpoints in connection with changes in the logistic routes of delivery of goods to Ukraine; performance of the binding customs formalities determined following application of the automated risk management system by officials of the customs authorities etc.

2.1. Enhancement of the institutional capacity of customs authorities

Despite the material reduction of financial resources for implementation of the Action Plan for Organizing the Priority Checkpoints for 2021–2023 approved by Ordinance of the Cabinet of Ministers of Ukraine No. 246-p of 24.03.2021, a number of activities to develop and reconstruct customs checkpoints were introduced in 2022.

Ordinance of the Government of Ukraine No. 333-p of 29.04.2022 approved the decision to open the international checkpoint of Diakivtsi across the

state border for pedestrians and vehicles (including buses), except for cargo ones, with the permanent regime of operation and 24/7 working hours, as well as the international checkpoint of Krasnoilsk across the state border for pedestrians and vehicles (up to 3.5 tonnes), except for cargo ones, with the permanent regime of operation and working hours from 8 a.m. to 8 p.m.

On 10.11.2022, the international automobile checkpoint of Krasnoilsk – Vicovu de Sus between Ukraine and Romania was opened.

On 16.08.2022, the new bus terminal with additional halls for passport control and customs clearance was opened at the checkpoint of Krakivets – Korczowa at the border with Poland. In addition to the bus site, the quantity of lanes at the checkpoint was increased, which allowed dividing passenger and cargo vehicles and installing the necessary quantity of halls for customs and passport control.

Also, urgent support of the institutional capacity of the customs authorities in the context of the martial law was granted in 2022 owing to the funding provided by the development partners, namely EU4PFM project. The State Customs Service was delivered and installed equipment for the mobile data processing centre and servers. In particular, more than 200 modern bar code readers were provided to read data in customs declarations necessary to launch the «customs visa-free regime». Also, IFAK kits were given out to ensure individual protection and safety of the staff of the State Customs Service, diesel generators were delivered and installed for the territorial units etc.

In order to ensure legislative regulation of the procedure for performance review of officials of the customs authorities, to enhance and maintain their qualifications and integrity at the appropriate level, to improve the human resource potential of the State Customs Service, the Ministry of Finance and the State Customs Service drafted the Law of Ukraine “On Amending the Customs Code of Ukraine regarding Performance Review of Officials of the Customs Authorities” (registration No. 6490 of 30.12.2021). The Draft Law was included into agenda of the Verkhovna Rada of Ukraine No. 2557-IX of 06.09.2022 together with the draft Law of Ukraine «On Amending the Customs Code of Ukraine regarding Introduction of Performance Review of Officials of the Customs Authorities» (registration No. 6490-1 of 18.01.2022)⁷ submitted by the Members of the Ukrainian Parliament.

Further steps in this direction are connected without limitation with increasing the carrying capacity of the checkpoints for vehicles at the border with the EU countries and developing cargo operations at the checkpoints along the state border of Ukraine with Poland, Romania, Slovakia, Moldova and Hungary.

2.2. Improvement of the customs controls and harmonization of customs procedures, and facilitation of international trade

In order to ensure functioning of the authorized economic operator's (AEO) institute in Ukraine for simplified customs formalities for the entities engaged in foreign economic activities in accordance with the established criteria, all the legal and normative acts that are provided for by the Customs Code of Ukraine and necessary for the assessment (for AEO authorization to be granted to companies) and monitoring of companies' conformity to the AEO criteria have been adopted.

⁷ On 11.04.2023, both draft laws were considered by the Committee of the Verkhovna Rada of Ukraine on Finance, Taxation and Customs Policy.

The State Customs Service has introduced the AEO software and information suite that allows accepting applications for the AEO authorization in electronic form and entering the assessment results. Also, the Unified State AEO Register has been established, which allows introducing the benefits that provide for customs formalities for goods of the AEO on a priority basis, reduction of the risk by the automated customs clearance system in order to determine customs formalities during customs clearance.

In 2022, two applications for authorization of simplifications were considered:

- JT International Ukraine PJSC – for authorization of the simplification of «release from the guarantee», following which the first authorization of the simplification of «release from the guarantee» was issued;

- YuON LLC – for authorization of the simplification of «general guarantee». Following the preliminary consideration of the documents submitted by the company, it was decided that the customs authorities would consider the application and assess conformity of YuON LLC to the criteria and/or conditions for granting authorization of the simplification of «general guarantee», and the company was informed of the final decision.

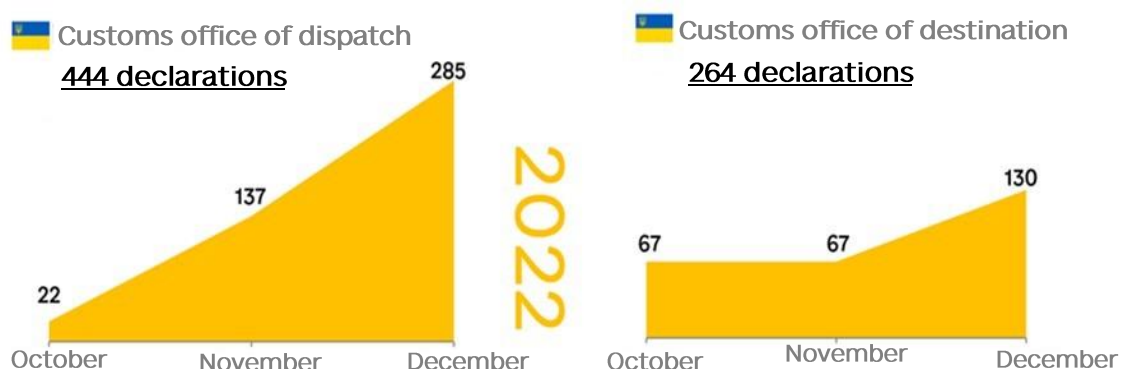
In June 2022, Ukraine succeeded in completing the international stage of testing of operations of the national application of the NCTS.

On 25.08.2022, the Ukrainian Side received the invitation of the General Secretariat of the Council of the European Union to accede to the Convention on a common transit procedure and the Convention on the simplification of formalities in trade in goods starting from 01.10.2022.

In that regard, the Ministry of Finance drafted the Laws of Ukraine «On Acceding to the Convention on a common transit procedure» and «On Acceding to the Convention on the simplification of formalities in trade in goods», which were adopted by the Verkhovna Rada of Ukraine on 30.08.2022.

The NCTS started to be applied at the international level on 01.10.2022. The first transit declaration of T1 was sent the same day from Germany to Ukraine.

In total, 708 declarations within the common transit procedure were made in 2022 for three months of the international application of the NCTS⁸.



Ukraine acted as the customs office of dispatch in 444 transits, and transit was completed in Ukraine in 264 cases.

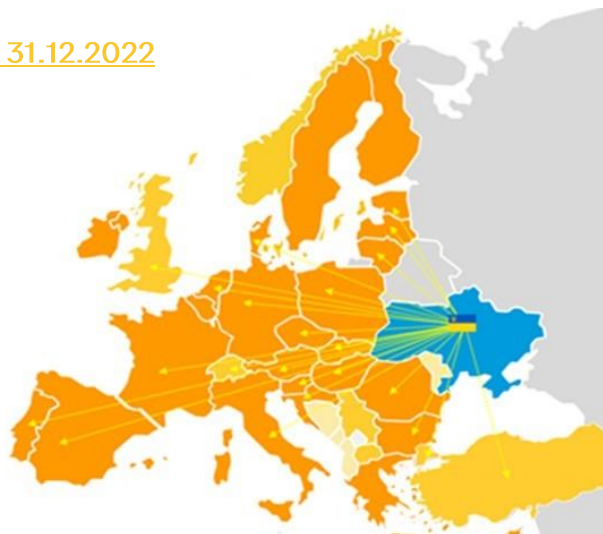
It means that the Ukrainian exporters were the first to enjoy benefits of the simplification because the quantity of respective declarations keeps materially growing every month.

⁸ As of 02.05.2023, 4,474 transit declarations were made within the “customs visa-free regime”.

The quantity of transits during international application of the NCTS can be traced at the Transit Movements Electronic Map of the EU and selected countries at the EC portal.⁹

Austria
 Bulgaria
 Great Britain
 Denmark
 Estonia
 Italy
 Spain
 Latvia
 Lithuania
 Netherlands
 Germany
 Poland
 Portugal
 Romania
 Slovakia
 Slovenia
 Turkey
 Hungary
 France
 Croatia
 Czech Republic
 Switzerland

As of 31.12.2022



Geography of transits where Ukraine acted as the customs office of dispatch for the first three months of the “customs visa-free regime”

Moreover, in order to introduce the European practices into the customs operations in Ukraine, to prepare the national legislation for organizational procedures for Ukraine’s accession to the conventions, on 15.08.2022 the Verkhovna Rada of Ukraine adopted the Law of Ukraine developed by the Ministry of Finance «On Amending the Customs Code of Ukraine as to Certain Matters of Implementation of Title 5 of Section IV of the Association Agreement between Ukraine, of the one part, and the European Union, the European Atomic Energy Community and their Member States, of the other part» (No. 2510-IX). In particular, the Law provides for simplification of customs formalities for all the reliable enterprises rather than AEO only, and sets the list of conditions for granting an authorization (permission) for the specific simplification.

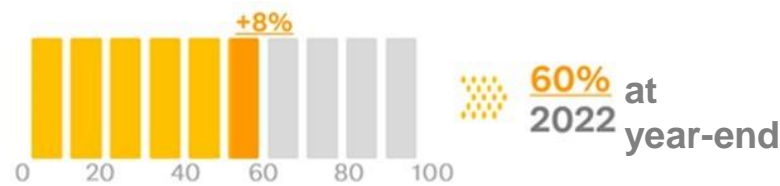
Also, on 27.07.2022, the Verkhovna Rada of Ukraine adopted the Law of Ukraine «On Amending the Customs Code of Ukraine as to Regulation of the Procedure for Making Customs Declarations for the Goods Classified within One Commodity Unit under the Ukrainian Classifier of Goods of Foreign Economic Activity, in Accordance with the European Union Customs Code» (No. 2458-IX). The amendments to the Customs Code of Ukraine developed by the Ministry of Finance simplify declaration of goods for businesses. In particular, they will be given an opportunity to group goods with similar characteristics under the same code and to fully describe them in one field of the customs declaration.

The following Laws of Ukraine have also been adopted for the European integration: No. 2697-IX of 19.10.2022 «On the Customs Tariff of Ukraine» and No. 1999-IX of 25.01.2022 «On Amending the Customs Code of Ukraine as to Customs Duties on Goods Moving (Sent) in International Postal Items, International Express Items, and the Procedure for Declaration Thereof».

In general, according to the Report of the Cabinet of Ministers of Ukraine on Implementation of the Association Agreement between the European Union

⁹ https://ec.europa.eu/taxation_customs/dds2/mrn/transit_emap.jsp?Lang=en

and Ukraine, progress in fulfilment of the Customs obligations in 2022 made +8%.



At the same time, in 2022, the EC highly assessed Ukraine's readiness to implement Section 29: Customs Union – fourth level of preparation out of five (the fifth level currently includes the only activity of providing digital services to the public).

Moreover, Ukraine and the EU signed the Agreement on Ukraine's participation in the EU's Customs programme for cooperation in the field of customs in Brussels on 05.09.2022, which will enable Ukraine to enjoy all the benefits of the Programme for cooperation of customs administrations (development and operation of the European electronic systems, research and innovation, joint communication activities etc.).

In pursuance of the Strategy in 2022, the software and information suite «Register of Intellectual Property Items» of the Unified Automated Information System of the State Customs Service of Ukraine was developed and introduced for operational testing by Order of the State Customs Service No. 165 of 19.04.2022; it enables owners to submit applications certified with the electronic digital signature to the State Customs Service, via the electronic account at the Unified Information Web-Portal «Single Window for International Trade».

830 intellectual property items were recorded in the register as of 01.01.2023, including 187 of them registered in 2022. Furthermore, 97.3% of the applications (183) were received by the State Customs Service via the electronic account.



In 2022, eleven customs offices of the State Customs Service adopted 300 decisions to suspend customs clearance of goods based on the suspicion of violation of the intellectual property right. According to the above-mentioned decisions, the customs authorities made 13 reports on violation of customs rules under Article 476 of the Customs Code of Ukraine; the counterfeit goods in 53 cases were disposed of in accordance with Article 401 of the Customs Code of Ukraine; small batches of the counterfeit goods were disposed of in 15 cases in accordance with Article 4011 of the Customs Code of Ukraine.

At the same time, registration of the intellectual property items owned by natural persons and legal entities from the Russian Federation was suspended in 2022 by the Resolution of the Government of Ukraine «Certain Matters of Ensuring Protection of Intellectual Property Rights and Registration with the Customs Register of Intellectual Property Items Protected by the Law» (No. 1127).

Also, in 2022, the State Customs Service introduced other IT solutions. In particular, on 24.01.2022, the software and information suite «Register of Customs Brokers» of the Unified Automated Information System of the State Customs Service was introduced for test operations: it contains information on legal entities as well as individual entrepreneurs to which permits for customs broker activities are issued, re-issued, cancelled or suspended.

The key priorities in the field of customs operations for 2023 are to continue integration into the EU customs community and without limitation to prepare the new Customs Code of Ukraine that will be fully consistent with the EU Customs Code; to implement the Convention on a common transit procedure, in particular, application of NCTS Phase 5; to develop the infrastructure of the State Customs Service; and to increase performance of counteraction to customs offences.

3. Management of fiscal risks and public assets



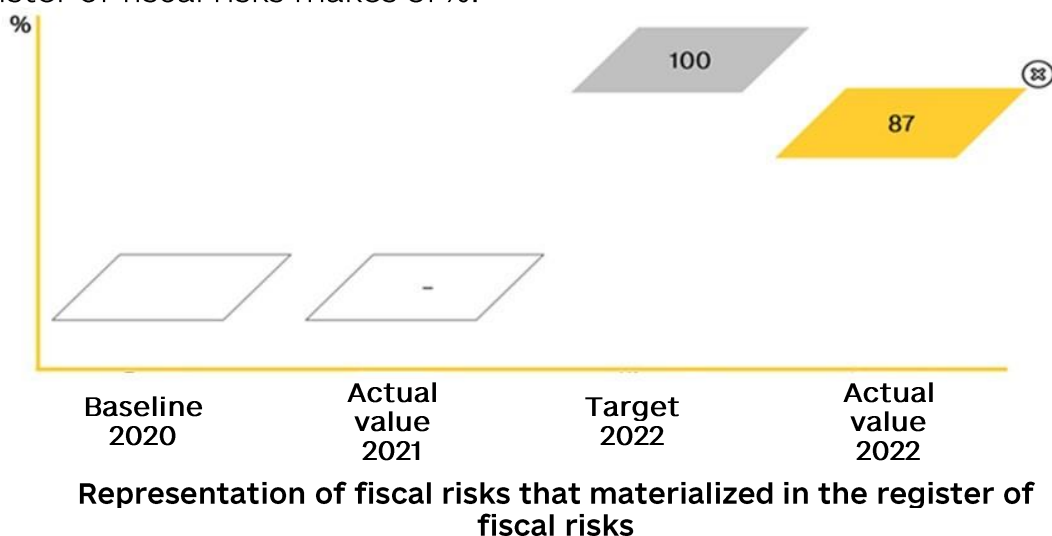
General goal: to identify fiscal risks early and take measures to avoid and/or minimize their impact on the budget. To keep expanding the fiscal risk management system, to introduce the register in order to ensure effective monitoring of fiscal risks.

Progress in achieving the planned results is determined by the following indicators:

- ✓ sustainable representation of fiscal risks that materialized in the register of fiscal risks;
- ✓ reduced deviation between actual and planned indicators of revenues as part of net profit, and state budget dividends due to the materialization of fiscal risks.

In 2022, the matter of fiscal risk management gained extreme relevance. In the context of the full-scale war launched by the Russian Federation against Ukraine and its effects, maximum complete presentation of information on the fiscal risks existing in the field of public finance has become extremely necessary for the timely actions to mitigate their possible negative impact upon resilience of the state (local) debt and efficient allocation of public resources in the war-time reality.

⊗ At the end of 2022, representation of fiscal risks that materialized in the register of fiscal risks makes 87%.

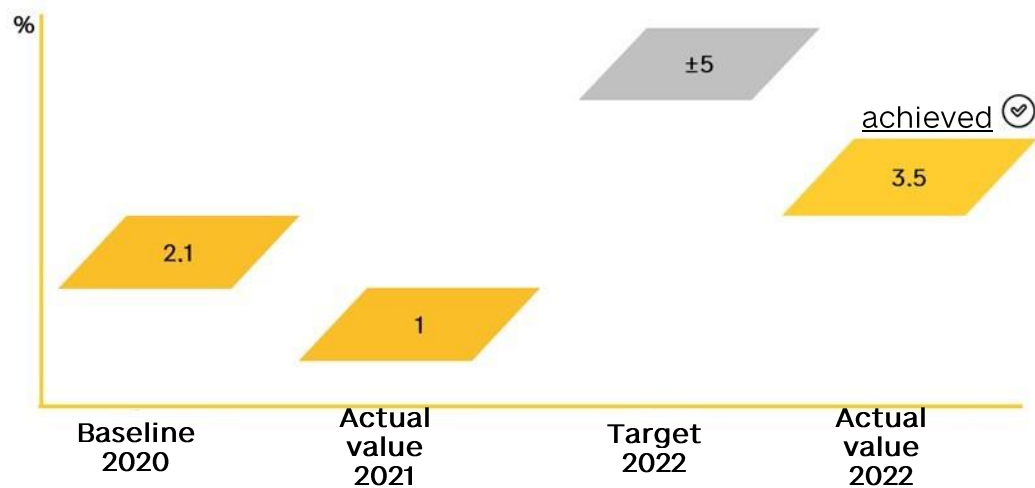


In particular, failure to achieve the target value is explained by uncertainty about duration and effects of the hostilities as well as lack of complete current statistical information.

The conditions for functioning of the economy have dramatically changed in connection with the full-scale invasion of Ukraine by the Russian Federation. The war has also changed traditional forms and approaches to analysis and forecasting of economic and social development of the country.

High uncertainty about macroeconomic forecasts and lack of the full volume of statistical information during the war result in low relevance of assessment of impact of macroeconomic indicator deviations upon the state budget.

☑ The deviation between actual and planned indicators of revenues as part of net profit, and state budget dividends due to the materialization of fiscal risks makes 3.5%. In other words, the target value of the Strategy for this indicator was achieved in 2022.



Deviation between actual and planned indicators of revenues as part of net profit, and state budget dividends due to the materialization of fiscal risks

The Law of Ukraine «On the State Budget of Ukraine for 2022» provides for receiving a part of net profit and state part dividends in the amount of UAH 48.6 billion, including the parts of net profit of UAH 7.2 billion.

The indicators of revenues as part of net profit and state part dividends for 2022 were based on the forecast indicators of the financial and economic activities of economic operators in the public sector of the economy with account of internal, economic and military uncertainty factors. The hostilities have materially influenced the economic situation in the country, and their effects cannot be assessed with the sufficient predictability level.

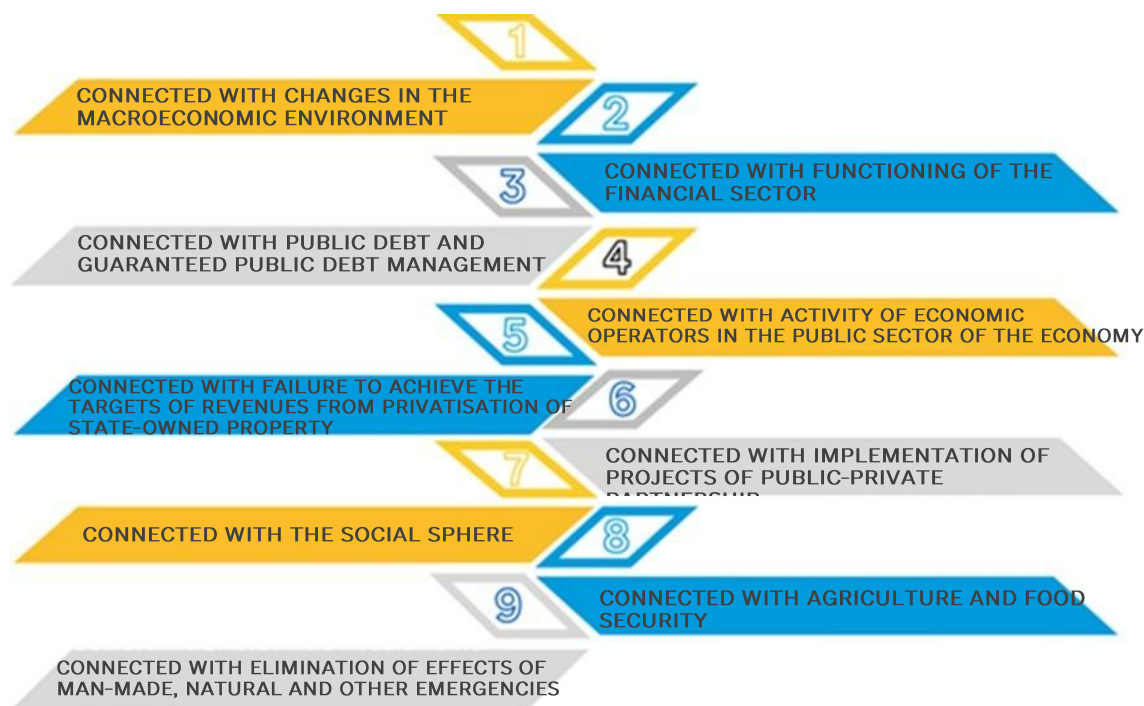
At the same time, actual revenues of the general fund of the state budget for RCC 21010000 in 2022 made almost UAH 46.9 billion, or 96.5% of the annual plan.

In order to ensure planned revenues, the Ministry of Finance took regular actions, namely the work with administrators of those payments, management bodies and economic operators in the public sector of the economy.

3.1. Carrying out a comprehensive assessment of fiscal risks and determining their impact on the state budget

Fiscal risks were assessed in 2022. Information on the risks (including contingent obligations and quasifiscal transactions) and impact thereof upon the state budget indicators for 2023 was included into the budget documentation and made public on the official website of the Ministry of Finance.

In particular, the Ministry of Finance allocated nine groups of fiscal risks to which public finance in Ukraine can be sensitive in 2023 in the context of the martial law.



**Groups of fiscal risks included into the budget documentation for
2023 in 2022**

The fiscal risks are connected with the following: changes in the macroeconomic environment; functioning of the financial sector; public debt and guaranteed public debt management; activity of operators in the public sector of the economy; possible failure to achieve the targets of revenues from privatization of state-owned property; implementation of projects of public-private partnership; social sphere; agriculture and food security; elimination of effects of emergencies.

However, the list of the fiscal risks specified in the budget documentation is not exhaustive and depends without limitation on changes in the war situation, the macroeconomic environment etc.

3.2. Ensuring effective monitoring of fiscal risks and minimisation thereof

In 2022, the Register of Fiscal Risks continued to be updated with account of the new challenges caused by the military aggression of the Russian Federation against Ukraine and the resulting imposition of the martial law in Ukraine.

Also, the work was commenced in 2022 to develop action plans to minimise fiscal risks associated with the activities of economic operators. At the same time, action plans can be developed and approved by management bodies of

economic operators in consultation with the Ministry of Finance only after the martial law is terminated or cancelled and the situation stabilizes in the country, owing to the circumstances of the war time¹⁰.

3.3. Improvement of institutional capacity of Ministry of Finance and other public authorities as regards fiscal risk management

There were consultations with the IMF regarding fiscal risk management in the context of martial law and post-war recovery in 2022.

In particular, the group of IMF experts had a series of online meetings with the experts of the Ministry of Finance, the Ministry of Infrastructure and the Ministry of Economy from 26.10.2022 to 16.11.2022 to discuss possible ways of adapting fiscal risk management to the martial law and to determine operational priorities.

The meetings resulted in a number of recommendations by the IMF on improving the function of fiscal risk management in Ukraine.

3.4. Implementation of local budget fiscal risk management

Negative impact of the hostilities in the territory of Ukraine, temporary occupation of some of the territories of Ukraine by the Russian Federation and resulting new challenges of the state and local budgets prevented local budget fiscal risk management from being introduced in 2022.

However, enhanced local budget fiscal risk management is one of the priorities of the Strategy for 2023.

4. Debt management



General goal: to ensure debt sustainability and increase the efficiency of public debt management, state-guaranteed debt and local debt.

Progress in achieving the planned results is determined by the following indicators:

- ✓ **reducing the ratio of public debt to gross domestic product;**
- ✓ **increasing the share of long-term concessional financing incoming from IFIs and foreign countries for the implementation of investment projects in the total amount of public debt.**

During the martial law in 2022, the Ministry of Finance succeeded in implementing the anti-crisis debt policy aimed at covering the unprecedented state budget deficit in Ukraine. In particular, active work with international partners, donors, international financial institutions was performed to ensure financing of budget deficit. Most of the aid from the

¹⁰ According to the Guidelines on Assessing the Fiscal Risks Connected with Activity of Economic Operators in the Public Sector of the Economy (Resolution of the Government of Ukraine No. 7 of 11.01.2018), the fiscal risks connected with activity of economic operators are assessed by management bodies separately for each economic operator within their competence, based on the information on financial and economic activities received from such operator. However, Law of Ukraine No. 2115-IX of 03.03.2022, which without limitation deferred submission of accounting, financial, bookkeeping, settlement and auditor reports (for the entire period of non-submission of reports or the obligation to submit documents) until the period of three months after the martial law is terminated or cancelled, entered into force on 07.03.2022.

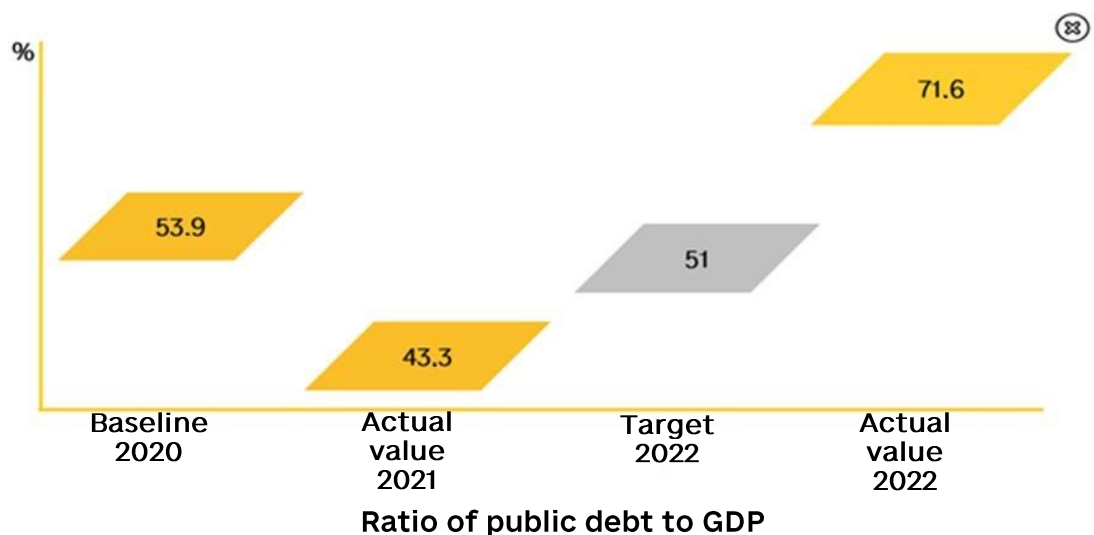
international partners was received as grants or long-term loans under beneficial conditions, namely with the low interest rate, for long periods, with the grace period of loan repayment.

Moreover, the priority defence needs of Ukraine were satisfied owing to revenues from the military domestic government bonds, which had been issued since 2022.

Despite the extremely complicated conditions for reforming public debt management as declared before the war, the Ministry of Finance carried out the Strategy activities for this component.

Moreover, in 2022, Ukraine received Global Capital Bond Awards 2022 and ranked second in the Most Impressive Issuer from the CIS and Former CIS Countries, and also received IFR Awards 2022 in the Financing Package and EMEA Restructuring nomination from International Financing Review of Refinitiv Group.

⊗ At the end of 2022, the level of the public debt against Ukraine GDP¹¹ reached 71.6%. Deviation of the actual value for 2022 from the target was caused by the impact of the war upon public finance since the Strategy targets, including the ones for the public debt level, had been set before the start of the full-scale hostilities.

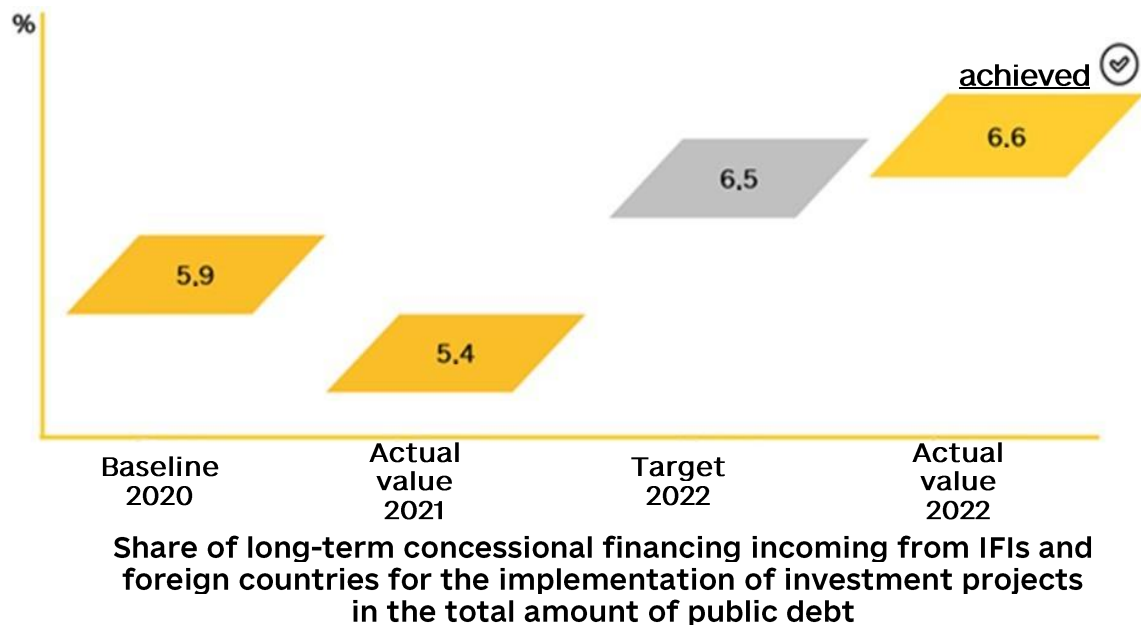


In particular, against the background of the continuous growing need for the resources necessary for the war, support of the Armed Forces of Ukraine and higher defensive capacity of the country, due social support of citizens, recovery of the critical infrastructure damaged by the missile strikes, the Government of Ukraine was forced to unprecedentedly increase the state budget deficit level, the considerable share of which was covered with state external loans from foreign creditors, including IFIs and partnering countries.

At the same time, the hostilities resulted in reduction of the nominal GDP of Ukraine by 3.3% (in UAH) in comparison with the one considered in the Law of Ukraine «On the State Budget of Ukraine for 2022» when it was adopted. Therefore, all of it caused the material growth of the ratio of public debt to GDP at the end of 2022.

¹¹ The calculations used the nominal GDP of 2022: UAH 5,191 billion (according to the report of the State Statistics Service).

☑ At the same time, considerable volumes of state external loans in order to finance investment projects caused an increase in the share of long-term concessional financing incoming from IFIs and foreign countries for the implementation of investment projects in the total amount of public debt.



At the end of 2022, the share of long-term concessional financing incoming from IFIs and foreign countries for the implementation of investment projects in the total amount of public debt made 6.6%, which was 0.1 percentage point higher than the target value.

Therefore, the target value of the Strategy indicator was achieved at the end of 2022.

4.1. Ensuring functioning of the Debt Agency

Creation of the Public Debt Management Agency in 2022 was suspended as a result of the military aggression of the Russian Federation against Ukraine.

According to Resolution of the Cabinet of Ministers of Ukraine No. 401 of 01.04.2022 «On Directing Funds to the State Budget Reserve Fund», the expenditures of consumption of the general fund under the budget programme «Governance and management in the field of implementation of the public debt management policy» (CSPCC 3508010) were reduced in the amount of UAH 19,645.4 thousand, including the ones for labour remuneration for UAH 15,611.4 thousand, and were directed to increase the expenditures for budget programme 3511030 «Reserve fund».

4.2. Improvement of the instruments and mechanisms of state guarantees, including for support of small and medium-sized businesses

The procedure for selecting lending banks, conditions for granting portfolio-based state guarantees, payment for such guarantees as well as the amount and type of the security to be provided by corresponding economic operators was approved by Resolution of the Government of Ukraine No. 723 of 14.07.2021.

The Law of Ukraine «On the State Budget of Ukraine for 2022» provided for possible issue of state guarantees by the decision of the Government of Ukraine, namely to ensure partial fulfilment of debt obligations within the

portfolio of the lending banks' loans granted to the economic operators being micro, small and/or medium-sized businesses and residents of Ukraine.

Resolutions of the Government of Ukraine No. 133 of 16.02.2022, No. 374 of 27.03.2022, No. 497 of 29.04.2022 and No. 625 of 24.05.2022 «On Granting Portfolio-Based State Guarantees in 2022» approved the lists of corresponding lending banks and maximum scope of portfolio-based state guarantees for such banks for the total amount of UAH 23 billion.

Moreover, in order to ensure sustainable sowing season in 2022, Resolution of the Government of Ukraine No. 274 of 12.03.2022 «On Amending Resolutions of the Cabinet of Ministers of Ukraine No. 28 of 24 January 2020 and No. 723 of 14 July 2021» increased the maximum scope of portfolio-based state guarantees for small and medium-sized businesses being agricultural manufacturers, up to 80% of the total amount of liabilities for the principal debt within the loan portfolio of the lending bank, and 80% for each individual loan.

As of the end of 2022, since the tool of portfolio-based state guarantees was introduced (in December 2020), 19,286 loans for the total amount of almost UAH 61.5 billion were granted. As of 01.01.2023, 28 lending banks serviced 16,745 loans of that type for the total amount of almost UAH 52.7 billion.

Granting portfolio-based state guarantees in 2022

Loans serviced by lending banks as of 01.01.2023

Total amount of such loans, UAH billion

16 745 ➡ **52.7**

The liabilities for the principal debt that is partially secured with portfolio-based state guarantees made UAH 28.4 billion (around 78% of the total limit of the guarantees granted).

As of 01.01.2023, the largest volume of such loans was serviced in Odesa Oblast – 1,189 loans for more than UAH 3.9 billion; in Kyiv – 979 loans for almost UAH 3.5 billion; in Dnipropetrovsk Oblast – 1,490 loans for more than UAH 3.4 billion, and in Kirovohrad Oblast – 789 loans for almost UAH 3.4 billion.



Amount of loans. UAH billion

Regional allocation of granting loans secured with portfolio-based state guarantees in 2022

As for the type of economic activity, the largest number of loans partially secured with portfolio-based state guarantees were serviced in the following areas:

- agriculture – 7,083 loans for almost UAH 34.4 billion;
- wholesale and retail trade; repair of vehicles – 6,036 loans for the total amount of almost UAH 9.8 billion;
- processing industry – 1,396 loans for almost UAH 5.2 billion.

4.3. Development of the domestic public securities market

According to JP Morgan Global Index Research (of 12.10.2021), starting from 31.03.2022, the government bonds of Ukraine were supposed to qualify for inclusion into GBI-EM GD index with the approximate share of 0.12%. One series of bonds that met the index requirements was supposed to be included into all three GBI-EM series: it was the domestic government bonds with the coupon of 15.84% and repayment in February 2025 (UA4000204150).

However, as a result of the full-scale military aggression of the Russian Federation against Ukraine, it was found out in April 2022 that the domestic government bonds were not included into JP Morgan GBI-EM index. With due consideration of the present-day circumstances, inclusion of Ukraine into the index is to be reviewed in the future. The Ministry of Finance has taken all the measures for the domestic government bonds (UA4000204150) to be included into JP Morgan GBI-EM index, but that is impossible in the context of the martial law.

At the same time, in order to develop the domestic market of public securities and satisfy financial needs of the state during the martial law, on 01.03.2022 the Ministry of Finance started issuing military bonds with the face value of one bond of UAH 1,000 and the period of circulation of three months, six months, nine months, one year, one point two year, one point three year, one point five year, and two years.

The Ministry of Finance launched the special information website in order to engage the Ukrainian citizens into investment into the military obligations: <https://bonds.gov.ua>.

Also, owing to the joint efforts of the Ministry of Digital Transformation, the Ministry of Finance, the NSSMC and the National Bank of Ukraine, the Ukrainian citizens have been given an opportunity to invest into the military government bonds via Diia application since 03.10.2022.

In total, owing to the issue of the military domestic government bonds, the Ministry of Finance raised UAH 197.2 billion for the state budget in 2022.

State military domestic government bonds in 2022

Number of new investors into the
military domestic government bonds
being Ukrainian citizens, thousand

350+



Total amount of such
investment, UAH billion

10+

Total amount raised in 2022
for the state budget as a
result of issue of military
domestic government



197.2

Also, the Ministry of Finance updated the list of benchmarks of the domestic government bonds in 2022. In addition to the traditional six-month and one-year military bonds, investors were offered several two-year non-military government bonds on the list of benchmarks in November 2022. The list of UAH investment instruments was expanded in order to activate the market of government bonds of Ukraine, to extend the term of circulation of public debt liabilities, and to increase investors' opportunities as to preservation of capital and receipt of passive income.

Starting from 01.01.2022, control over performance of market maker's functions by primary dealers was planned¹². However, the NSSMC decided to restrict transactions on the secondary securities market from 24.02.2022 until 08.08.2022, so banks could not perform market maker's functions.

Order of the Ministry of Finance No. 492 of 31.08.2021 regarding performance of the market maker's function by primary dealers as regards domestic government bonds at the secondary market is scheduled for 2023.

Also, the priorities of the Ministry of Finance for 2023 include to maximize issue of the domestic government bonds at the primary market.

Moreover, in pursuance of the Strategy and in order to ensure active transactions with public securities, the draft Resolution of the Government of Ukraine «On Amending the Procedure for Placing Temporarily Free Funds of the Single Treasury Account by Purchasing Domestic Government Bonds» is going to be modified in 2023.

4.4. Improvement of the local self-governments' capacity as regards debt management

On 03.11.2022, the Verkhovna Rada of Ukraine adopted the Law of Ukraine «On Amending the Budget Code of Ukraine regarding Updates of and Amendments to Certain Clauses» (No. 2709-IX).

In particular, the Law provides for improving the mechanism for determining the limit of the total volume of the local debt and the debt guaranteed by the Autonomous Republic of Crimea, the regional council or city territorial community (Article 18).

However, the Final and Transitional Provisions of the Budget Code of Ukraine were supplemented with point 22⁶ by Law of Ukraine No. 2390-IX of 09.07.2022 «On Amending Section VI 'Final and Transitional Provisions' of the Budget Code of Ukraine to Enhance Flexibility of Local Budgets and Increase Promptness of Decision-Making», which entered into force on 27.07.2022. According to that point, Article 74(7) (regarding new local loans and provision of local guarantees) of the Budget Code of Ukraine shall be not applied during the martial law in Ukraine and for six months after it is terminated or cancelled.

¹² The Procedure for Selection and Functioning of Primary Dealers was amended by Order of the Ministry of Finance No. 492 of 31.08.2021. According to the Order, the Commission on Selection and Assessment of Primary Dealers monitors fulfilment of their obligations by primary dealers, in particular, as to the requirement for market makers. In 2021, agreements with the banks being primary dealers were re-signed with the requirements for performing the market maker's functions from 01.01.2022.

Further steps for this Strategy component in 2023 are connected with development of guidelines on the local debt management.

4.5. Increasing of the share of long-term concessional financing

The procedure for raising loans (credits) from IFIs for projects of economic and social development of Ukraine with the support of IFIs was simplified in 2022 in order to enable Ukraine to borrow funds from IFIs during the martial law and support economic operators in the public sector of the economy and ensure sustainable operation of the critical infrastructure¹³.

Also, in order to improve the procedure for borrowing funds from IFIs, Resolution of the Cabinet of Ministers of Ukraine No. 1183 of 18.10.2022 «On Amending the Procedures Approved by Resolutions of the Cabinet of Ministers of Ukraine No. 1090 of 5 September 2007 and No. 70 of 27 January 2016» was adopted.

At the same time, in connection with the full-scale military aggression of the Russian Federation against Ukraine in 2022, implementation of the investment infrastructure projects was suspended, and most of the loans received from the IFIs were directed to the general fund of the state budget.

Law of Ukraine No. 2192-IX of 14.04.2022 «On Amending Section VI 'Final and Transitional Provisions' of the Budget Code of Ukraine and Section XX 'Transitional Provisions' of the Tax Code of Ukraine» amended the Budget Code of Ukraine, according to which the grants for budget support raised from foreign states, foreign financial institutions and international financial institutions are credited to the general fund of the State Budget of Ukraine for the period of the martial law in Ukraine. It is also prescribed that amendments to the corresponding international treaties of Ukraine are made by the Ministry of Finance by the decision of the Cabinet of Ministers of Ukraine.

Moreover, Law of Ukraine No. 2280-IX of 31.05.2022 amended the Law of Ukraine «On the State Budget of Ukraine for 2022» and prescribed that grants for budget support from foreign financial institutions in 2022 could be raised based on agreements made by the state represented by the Minister of Finance of Ukraine or the person who performs his or her duties by the decision of the Cabinet of Ministers of Ukraine.

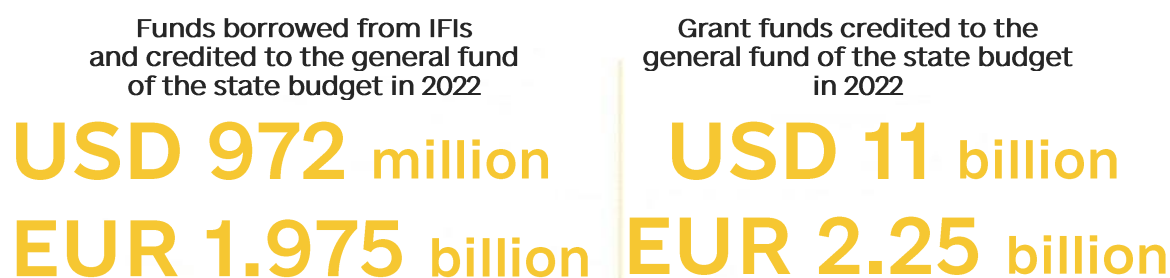
Therefore, the Public Expenditures for Administrative Capacity Endurance (PEACE) Project was launched together with the World Bank in 2022: the financing made USD 11.3 billion and EUR 1.4 billion of borrowed and grant funds. The purpose of the project is to ensure performance of the state's functions at the national and regional levels, to undertake priority social and humanitarian expenditures to support the population (retirement benefits, payments to internally displaced persons, persons with low income and persons with disabilities), health care and education expenditures, payment of salaries to the staff of public authorities, pedagogical staff and health care professionals, and staff of emergency services.

Also, the state budget expenditures were financed by means of the following IFI financial support instruments:

¹³ Resolutions of the Government of Ukraine: No. 327 of 20.03.2022 «On Amending Point 2 of Resolution of the Cabinet of Ministers of Ukraine No. 70 of 27 January 2016»; No. 419 of 09.04.2022 «On Amending Point 4 of the Procedure for Preparing, Implementing, Monitoring and Completing Projects of Economic and Social Development of Ukraine Supported by International Financial Institutions»; No. 920 of 19.08.2022 «On Amending the Procedure for Preparing, Implementing, Monitoring and Completing Projects of Economic and Social Development of Ukraine Supported by International Financial Institutions».

- systemic loans for the development policy;
- systemic project by means of the financial lending product with programme-for-results financing (PforR);
- investment projects using the lending mechanism based on achievement of corresponding indicators stipulated in the agreement between Ukraine and the IFI;
- grant funds from foreign states, foreign financial institutions and IFI / resources of the Special-Purpose Fund of many donors for budget support.

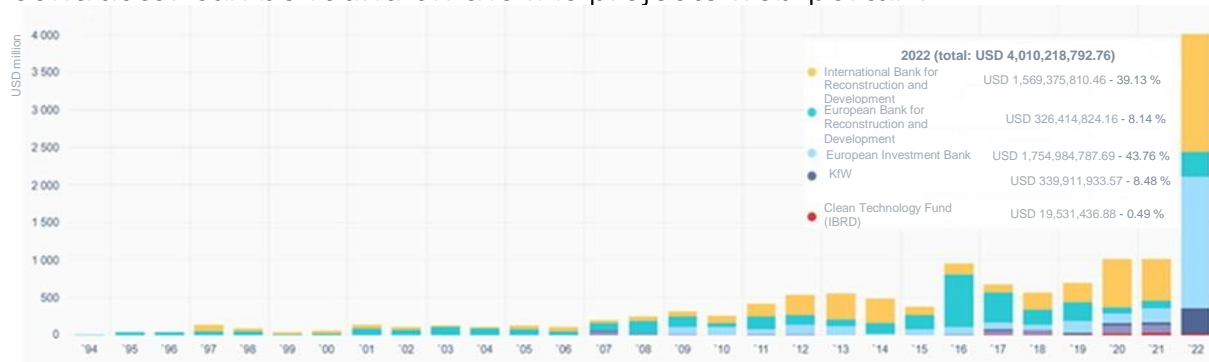
In general, the funds borrowed from IFIs were credited to the general fund of the state budget in 2022 for the total amount of USD 0.972 billion and EUR 1.975 billion, and the grant funds were credited for the total amount of USD 11 billion and EUR 2.25 billion.



Within the current joint projects with the EIB, EUR 1.050 billion were directed at financing maintenance of the road and transport infrastructure, continuous operation of railway transport during the martial law, continuous and safe movement of motor vehicles by public roads of national significance and due maintenance thereof, sustainable functioning of the road infrastructure in autumn and winter in 2022-2023 as well as emergency and recovery works and preparation for the heating season of 2022/2023, resumption of functioning of infrastructural facilities, thermal modernization of residential and public buildings.

Following the restructuring of the joint projects with the EBRD, the following funds were directed: EUR 147.3 million to support liquidity and sustainability of operations of NEC Ukrenergo; EUR 148.8 million to support liquidity and sustainability of operations of JSC Ukrainian Railways; EUR 300 million – NJSC Naftogaz of Ukraine to finance procurement of imported natural gas and ensure the sustainable heating season of 2022/2023.

The general information on dynamics of utilisation of IFI funds, the structure of project financing by industries, the structure of project financing by a lender (IFI) as well as the structure of project financing by a responsible contractor can be found on the IFIs projects web-portal¹⁴.



Also, the up-to-date register of IFI projects is available at this resource.

¹⁴ <https://proifi.gov.ua/?p=analytics>

5. Liquidity management



General goal: to increase the predictability and availability of funds for discharge of public functions.

Progress in achieving the planned results is determined by the following indicators:

- ✓ **reducing the ratio of the total of the monthly forecasts' absolute deviations to the amounts of outflows from the single treasury account;**
- ✓ **reducing the ratio of budget debt to actual expenditures of the general fund of the state budget.**

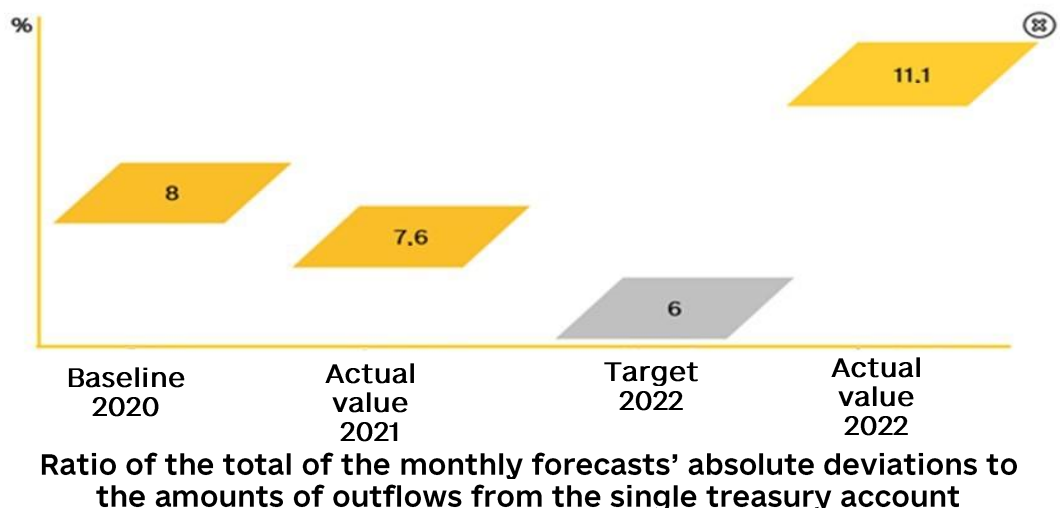
Due to the instability of public finance caused by the military aggression of the Russian Federation against Ukraine, the matter of ensuring predictability of budget expenditures financing needed a new focus.

The Treasury carried out monthly forecasting and daily monitoring of dynamics of the single treasury account and its elements with account of the current situation. The Estimated Need for Financial Resources was determined daily for protected, social, other unprotected expenditures from the state and local budgets and other clients' payments.

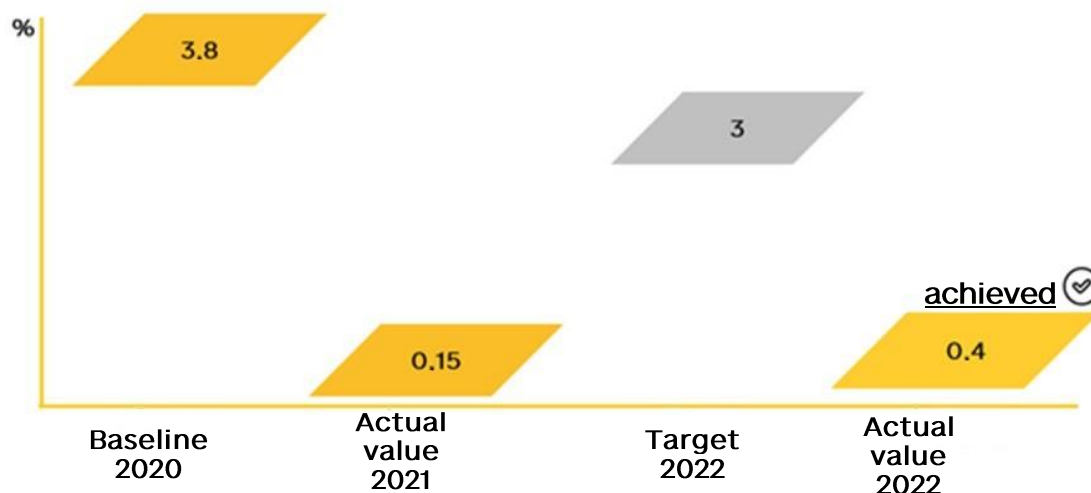
At the same time, in the context of the martial law, the Ministry of Finance made a forecast of daily flow of funds at the single treasury account for the current and next month.

⊗ At the end of 2022, the ratio of the total of the monthly forecasts' absolute deviations to the amounts of outflows from the single treasury account made 11.1%.

Failure to achieve the target in 2022 was preconditioned by the material volatility of the resource part of the budget during the war and difficulty assessing the volumes of unpredictable expenditures as well as adjournment of implementation of Resolution of the Cabinet of Ministers of Ukraine No. 970 of 30.08.2022 "On Approving the Procedure for Submission of Information between by Budget Holders and Recipients, Other Clients of the State Treasury Service to the Ministry of Finance for the Purpose of Liquidity Management of the Single Treasury Account and Foreign Currency Accounts of the State Treasury Service" until termination of the martial law.



✓ At the end of 2022, the ratio of budget debt to actual expenditures of the general fund of the state budget made 0.4%. As the target value for 2022 was set at the level of 3%, that indicator was achieved during the reporting year.



Ratio of budget debt to actual expenditures of the general fund of the state budget

In particular, at the end of 2022, the budget debt of the general fund of the state budget made UAH 9.6 billion whereas the expenditures from the general fund of the state budget made UAH 2,411.1 billion.

5.1. Improving the quality of forecasting the movement of funds in the accounts of the Treasury

In 2022, the Cabinet of Ministers of Ukraine adopted Resolution No. 970 of 30.08.2022 «On Approving the Procedure for Submission of Information between by Budget Holders and Recipients, Other Clients of the State Treasury Service to the Ministry of Finance for the Purpose of Liquidity Management of the Single Treasury Account and Foreign Currency Accounts of the State Treasury Service».

The Procedure establishes the time frames and mechanisms for submission of information to the Ministry of Finance by budget holders and recipients, mandatory state social insurance funds, other clients of the Treasury as well as electronic exchange of information between the corresponding information and analytical systems. It will help increase the quality of forecasting of the movement of funds in the single treasury account and corresponding foreign currency accounts and minimise delays in expenditures by spending units.

The technical specification for information collection software has also been developed to forecast the movement of funds in the Treasury's single treasury account and foreign currency accounts.

Moreover, according to the same Resolution of the Government of Ukraine No. 970 of 30.08.2022, the automated system of decision-making as regards liquidity management can be put in place within nine months after the martial law is terminated or cancelled.

5.2. Improvement of liquidity management tools

In 2022, the Ministry of Finance drafted the Resolution of the Cabinet of Ministers of Ukraine «On Amending the Procedure for Placing Temporarily Free Funds of the Single Treasury Account by Purchasing Domestic

Government Bonds”, which without limitation was aimed at improving the tools to manage temporarily free funds of the Treasury’s single treasury account and foreign currency accounts.¹⁵

This draft Resolution of the Government of Ukraine is scheduled to be modified in 2023.

6. Macroeconomic and budgetary forecasting and strategic planning



General goal: to build a state strategic planning system whose elements are mutually agreed and are based on reliable results of macroeconomic and budgetary forecasting, and are focused on achieving long-term publicly supported goals.

Progress in achieving the planned results is determined by the following indicators:

- ✓ increasing the proportion of the main spending units that annually update and publish their action plans for the medium term;
- ✓ increasing proportion of the main spending units that annually present to public their progress reports as regards implementation of their action plans for the medium term;
- ✓ decreasing deviation between forecast and actual indicators of nominal gross domestic product;
- ✓ decreasing deviation between forecast and actual indicators of tax revenues of the consolidated budget.

In order to develop the state strategic planning system, the tasks of the Strategy started to be performed at the beginning of 2022 regarding legislative regulation of functioning of the integral system of state forecasting and strategic planning of economic and social development as well as improvement of the tools and capacity in the spheres of macroeconomic and budgetary forecasting and strategic planning.

However, after the broad-scale invasion of Ukraine by the Russian Federation and in connection with the martial law imposed in Ukraine in accordance with Decree of the President of Ukraine No. 64 of 24.02.2022, the governmental institutions were objectively forced to partially suspend such tasks of the Strategy.

Development of the draft law on system of state forecasting and strategic planning of economic and social development was resumed in September 2022 and will continue in 2023.

② The indicators «**Proportion of the main spending units that annually update and publish their action plans for the medium term**» and «**Proportion of the main spending units that annually present to public their progress reports as regards implementation of their action plans for the medium term**» are not to be assessed in 2022 due to the following.

According to paragraph 5(1) of Article 22 of the Budget Code of Ukraine, the main spending unit shall develop the action plan for the medium term, in particular, with account of the Budget Declaration.

¹⁵ The draft Resolution of the Government of Ukraine is now being coordinated with the stakeholders.

At the same time, according to Law of Ukraine No. 2134-IX of 15.03.2022 «On Amending Section VI 'Final and Transitional Provisions' of the Budget Code of Ukraine and Other Legislative Acts of Ukraine», the rules of Article 33 of the Budget Code of Ukraine and related rules regarding the Budget Declaration shall not be applied during the martial law.

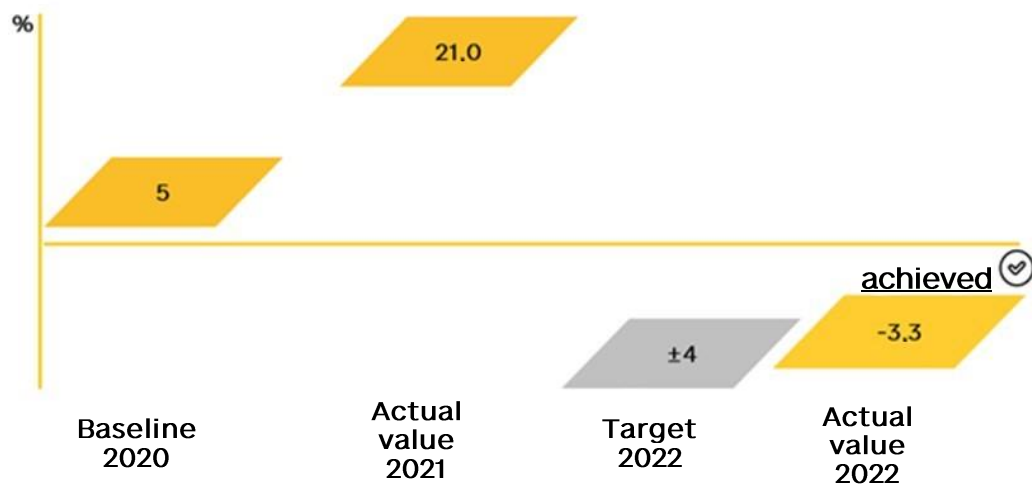
Moreover, some of the public authorities restricted access to information on their operations in 2022 on their official websites in connection with the martial law.

Therefore, in the context of uncertainty, suspension of medium-term budget planning and no planning documents of the higher level as well as for the other reasons associated with the military aggression of the Russian Federation against Ukraine, most main spending units were forced to temporarily suspend their medium-term planning process and publication of up-to-date action plans and reports on implementation thereof in 2022.

With due consideration of the above, it is impossible to objectively assess achievement of these targets in 2022.

☑ At the end of 2022, the deviation between the forecast and actual values of the nominal GDP made -3.3%, so the target value of the Strategy for 2022 was achieved.

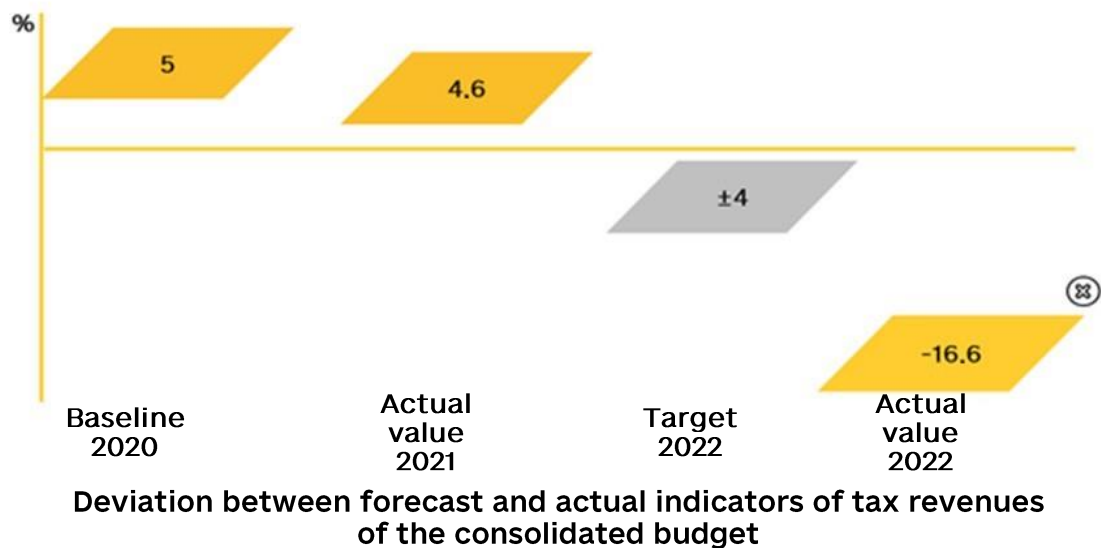
In connection with the full-scale armed aggression of the Russian Federation against Ukraine, which materially affected the economy of Ukraine, the actual macroeconomic trends were considerably different from the ones considered in the forecast made in times of peace when the budget for 2022 was adopted.



Deviation between forecast and actual indicators of nominal GDP

Thus, the reduction of the real GDP in 2022 made 29.2% while the forecast of the budget for 2022 considered growth of the GDP by 3.8%. However, the decline in the real GDP was partly compensated for by the higher GDP deflator due to price influence of negative effects of the war: lower supply of domestic goods due to the temporary occupation of some of the territories of Ukraine, destruction of and damage to the part of the production facilities, disruption of supply chains, depreciation of the national currency and stronger negative expectations of economic agents. As a result, the actual nominal GDP in 2022 made UAH 5,191 billion against the forecast of UAH 5,368.7 billion, which was considered in the Law of Ukraine «On the State Budget of Ukraine for 2022».

⊗ At the end of 2022, the deviation between forecast and actual indicators of tax revenues of the consolidated budget made -16.6%.



The target value of the indicator set by the Strategy for 2022 was not achieved as the level of achievement of planned tax revenues of the Consolidated Budget of Ukraine in 2022 made 84.6% in the context of new challenges caused for taxpayers by the military aggression of the Russian Federation against Ukraine.

There is no industry in the country that has not been affected by the Russian aggression, both directly and indirectly, due to disruption of logistic ties, destruction of the auxiliary infrastructure etc. Most industrial enterprises in the East and South of Ukraine suffered large-scale destruction of their production complexes.

Business activities in many Ukrainian territories were suspended or relocated, with a decrease in production / operation.

Also, the tax simplifications, which also influenced tax proceeds, were introduced in 2022 in connection with the need to support the Ukrainian business community.

6.1. Legislative regulation of the functioning of the integrated system of state forecasting and strategic planning of economic and social development

In order to duly organise the rule-making process and coordinate efforts of those who participate in drafting the Law of Ukraine «On State Strategic Planning of Economic and Social Development of Ukraine», the Work Group made of representatives of the Ministry of Economy, the Ministry of Finance, the MCDT, the Ministry of Justice, the Secretariat of the Cabinet of Ministers of Ukraine and the Reform Support Team of the Ministry of Economy was established on 28.01.2022.

In 2022, three meetings of the Work Group and a number of inter-institutional consultations were held, which resulted in:

- pre-approved conceptual framework of the draft law and approaches to fundamental documents (strategy for the long-term period and targeted strategies);

- draft law developed, comparative tables with amendments to the Laws of Ukraine «On the Cabinet of Ministers of Ukraine», «On the Central Executive Authorities» as well as amendments to the Budget Code of Ukraine;

- decisions taken on the principal directions of further work within bilateral consultations between the Ministry of Economy and the Ministry of Finance as well as the Ministry of Infrastructure, and modification of the draft law in 2023.

Performance of the activities in the areas «**6.2 Development of the system of state forecasting and strategic planning of economic and social development within implementation of the legislation on development of the system of state forecasting and strategic planning of economic and social development**» and «**6.3 Further depoliticisation of macroeconomic and budgetary forecasting and strategic planning**» is scheduled by the Strategy for the first three months following the adoption of the law on development of the system of state forecasting and strategic planning of economic and social development.

6.4. Improvement of the tools and capacity in the spheres of macroeconomic and budgetary forecasting and strategic planning

In quarter IV of 2022, the Ministry of Economy conducted the training workshop to share best practices in the field of macroeconomic forecasting and modelling of economic and social development of the state, including assessment of impact of economic policy decisions upon economic and social development of the state (the workshop was conducted online from 28.11.2022 until 30.11.2022) within the project “European Practice of Assessing Macroeconomic Impact of Economic Policy Decisions upon Development of the National Economy” and the technical assistance instrument TAIX.

Also, the Ministry of Economy participated in the inter-regional round table «Increasing Performance of Post-War Recovery and Development of Territorial Communities by Introducing the Monitoring and Assessment System (at the Example of the Pilot Communities of Sumy and Chernihiv Oblasts)» held within the UNDP project aimed at supporting territorial communities in update of local strategies (or development of the recovery plan) and testing the monitoring and assessment instrument in the context of post-war recovery and development (the seminar was held in the mixed format on 15.12.2022).

7. Medium-term budget planning



General goal: to ensure predictability and balance of fiscal policy in the medium term and strengthen the strategic approach to budget planning.

Progress in achieving the planned results is determined by the following indicator:

✓ **decreasing deviation of budget indicators provided by the Budget Declaration for the planned year from the respective indicators approved by the previous year's Budget Declaration.**

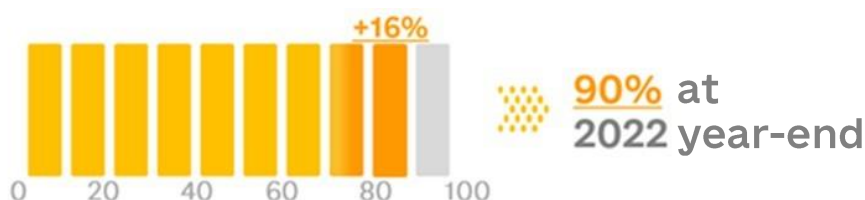
According to Law of Ukraine No. 2134-IX of 15.03.2022 «On Amending Section VI ‘Final and Transitional Provisions’ of the Budget Code of Ukraine and Other Legislative Acts of Ukraine», the rules of Article 33 of the Budget Code of

Ukraine and related rules regarding the Budget Declaration as well as the rules of Article 75¹ of the Budget Code of Ukraine and related rules regarding local budget forecasts shall not be applied during the martial law.

However, the Ministry of Finance ensured performance of certain Strategy activities for this component in 2022.

① The target value of the indicator «**Deviation of budget indicators provided by the Budget Declaration for the planned year from the respective indicators approved by the previous year's Budget Declaration**» was set by the Strategy starting from 2023. So this indicator is not to be assessed in 2022.

At the same time, according to the Report of the Government of Ukraine on Implementation of the Association Agreement between the European Union and Ukraine, progress in fulfilment of the Public Finance Management obligations¹⁶ in 2022 made +16%.



7.1. Setting up reliable medium-term framework for state budget planning

In order to ensure full-scale implementation of medium-term budget planning in 2022, the Ministry of Finance approved:

- Guideline on Preparing Budget Proposals, which established the approaches to calculating and allocating approximate maximum indicators for the medium term (Order of the Ministry of Finance No. 207 of 21.07.2022 registered with the Ministry of Justice on 04.08.2022 under No. 882/38218);
- Guideline on Preparing Budget Requests, which ensured coordination between one-year budget planning and medium-term budget planning (Order of the Ministry of Finance No. 450 of 21.12.2022)¹⁷.

The purpose of these documents is to ensure consistency and predictability of the budget policy, to create the connection between budget programmes and goals of the state policy, to enhance liability of the main spending units for their operational results, namely achievement of the goals of the state policy, the purpose and tasks of the budget programmes.

Also, the quantity of main spending units has been reduced since the beginning of the current year.

According to Resolution of the Cabinet of Ministers of Ukraine No. 1343 of 02.12.2022 «Certain Matters of Optimisation of the System of the Central Executive Authorities», it was decided to reorganise the Ministry for Communities and Territories Development of Ukraine by incorporating it into

¹⁶ This section of the Agreement includes the matters of not only budget planning, but also public debt management, state guarantees and public financial control.

¹⁷ Registered with the Ministry of Justice on 22.02.2023 under No. 322/39378.

the Ministry for Communities, Territories and Infrastructure Development of Ukraine.

According to point 4 of Resolution of the Cabinet of Ministers of Ukraine No. 1400 of 17.12.2022 «Certain Matters of Optimisation of the System of the Central Executive Authorities», which entered into force on 20.12.2022, Resolution of the Cabinet of Ministers of Ukraine No. 197 of 30.04.2014 «On Approving the Regulation on the Ministry for Communities and Territories Development of Ukraine» (as amended) ceased to be in force from 19.03.2023.

Therefore, the functions and powers of the Ministry for Communities and Territories Development of Ukraine were transferred to the Ministry for Communities, Territories and Infrastructure Development of Ukraine.

Starting from 2023, it is planned to resume the practice of medium-term budget planning by accompanying the draft State Budget of Ukraine for 2024 with the forecast principal budget indicators for 2025 and 2026. The next Budget Declaration for 2025-2027 is going to be prepared in spring 2024.

7.2. Strengthening the financial and economic validity of the decisions of the Cabinet of Ministers of Ukraine

According to paragraph 55² Rules of Procedure of the Cabinet of Ministers of Ukraine, the Prime Minister of Ukraine or another member of the Government of Ukraine in consultation with the Prime Minister of Ukraine shall have the right to submit a draft act to the Cabinet of Ministers of Ukraine for consideration without having to adhere to the approval and consultation requirements of this Regulation during the martial law in Ukraine in an emergency that requires an immediate decision.

In this regard, the activities in this direction of the Strategy will be resumed after the martial law is terminated or cancelled.

7.3. Raising budgetary discipline and improving budget planning

In 2022, the EU4PFM Project included organisation of development of the Technical Specification for Development of the IT System of the Ministry of Finance «State Budget – Ministry of Finance», and the Automated Information System for Online Interactions with Administrators of State Budget Funds (WebCFA AIS)¹⁸.

The priorities of 2023 include completion of the principal works to develop the IT system for budget implementation planning and monitoring with the support of EU4PFM Project.

7.4. Development of local medium-term budget planning

The organisational and methodological principles of local budget forecasting, including a standard form, were determined in 2021. In particular, Order of the Ministry of Finance No. 314 of 02.06.2021 «On Approving the Standard Form of Local Budget Forecasting and the Guideline on Development Thereof» (registered with the Ministry of Justice on 05.07.2021 under No. 879/36501) was developed and approved. It is also provided by the Order that when the local

¹⁸ In quarter I of 2023, Minister of Finance of Ukraine Serhii Marchenko and Deputy Director of the Public Institution Central Project Management Agency (CPMA, Republic of Lithuania) Rasa Suraciene signed a contract for the development of the software to automate data exchange between all participants in the budget planning, preparation, implementation and monitoring process.

budget forecast is prepared, gender aspects have to be considered in order to reduce gender gaps, weaken negative trends and enhance positive trends in the corresponding area / field, with account of satisfaction of gender needs and interests.

In 2022, Law of Ukraine No. 2042-IX of 15.02.2022 «On Amending the Budget Code of Ukraine» (as amended) updated the specific rules of Article 75¹ of the Budget Code of Ukraine as to making and approving the local budget forecast.

Moreover, in order to analyse performance of automation of processes in the field of public finance management at the local level due to introduction of latest information technologies in creation of budget documents and processing of data therein, the Ministry of Finance created the separate report to monitor approval of local budget forecasts as a medium-term budget planning document in LOGICA Information and Analytical System for Management of Local Budget Planning and Implementation.

However, according to Law of Ukraine No. 2134-IX of 15.03.2022 «On Amending Section VI 'Final and Transitional Provisions' of the Budget Code of Ukraine and Other Legislative Acts of Ukraine», the rules of Article 75¹ of the Budget Code of Ukraine and related rules regarding the local budget forecasts shall not be applied during the martial law.

8. Programme-based budgeting



General goal: to increase the efficiency and effectiveness of application of budget funds, and the quality of public services.

Progress in achieving the planned results is determined by the following indicators:

- ✓ **ensuring that expenditures and loans from the state budget are covered by cost overviews in the respective year at the level of at least 5%;**
- ✓ **increasing the proportion of the main spending units that have revised their budget programmes in accordance with new approaches.**

In 2022, new areas for cost reviews ceased to be determined on a temporary basis. At the same time, the Ministry of Finance increased coverage of verification of state payments.

② In 2022, no decision was taken by the Government of Ukraine on state budget cost reviews in connection with the full-scale invasion of Ukraine by the Russian Federation and imposition of the martial law. In this regard, the indicator **«Proportion of expenditures and loans from the state budget covered by cost overviews in the respective year»** is not to be assessed as of the end of 2022.

① The target value of the indicator **«Proportion of the main spending units that have revised their budget programmes in accordance with new approaches»** is set by the Strategy starting from 2023. So this indicator is not to be assessed as of the end of 2022.

8.1. Optimisation of budget programmes and strengthening their compliance with public policy goals

In 2022, the work was performed to analyse the budget programmes and finding optimal approaches to their formation by the main spending units. In particular, a number of budget programmes based on budget requests and passports of budget programmes for the previous budget periods were processed. The corresponding proposals, which were used as a basis of the draft Guidelines on Formation of Budget Programmes by the Main Spending Units, were prepared¹⁹.

Also, the information and analytical platform of electronic verification and monitoring was enhanced in 2022, in particular, via development of the automated information exchange (API) with the entities providing information, namely:

- with the Ministry of Justice – regarding receipt of information from the State Register of Civil Status Acts on marriage and dissolution of marriage as well as from the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organisations;

- with the STS – regarding data on employment / conclusion of gig contracts.

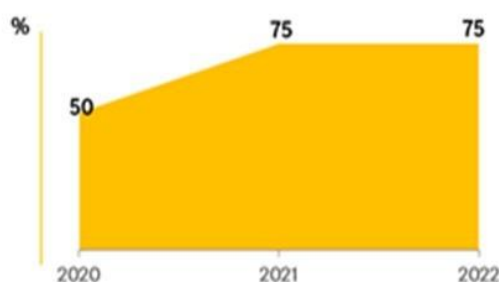
Verification covered new state payments, including the ones introduced during the martial law, namely:

- aid within E-Support Programme;

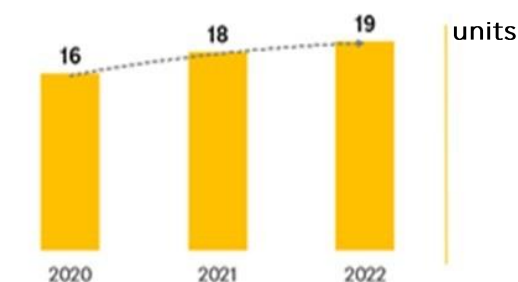
- compensation for the employer's expenses for labour remuneration for hiring internally displaced persons as a result of hostilities during the martial law in Ukraine.

Also, new state payment verification algorithms were developed, and the existing ones were improved in 2022.

In general, the quantity of automated information systems, registers, data bases of the entities providing information with which information exchange was set for state payment verification during the reporting year made nineteen units, which ones one unit more than the previous year. Moreover, the level of connection of the authorities that effect state payments to the preventive verification service made 75%.



Level of connection of the authorities that effect state payments to the preventive verification service



Quantity of automated information systems, registers, data bases of the entities providing information with which information exchange was set for state payment

At the end of 2022, 6,655.3 thousand recommendations were given to the authorities that effect state payments following the verification.

¹⁹ In 2023, the draft Guidelines on Formation of Budget Programmes by the Main Spending Units were presented for discussion in the Ministry of Finance. The draft is now being prepared to be presented to the expert community.

8.2. Making regular reviews of state budget expenditures

The Cabinet of Ministers of Ukraine did not take a decision to carry out cost reviews in 2022 in connection with the martial law.

Out of sixteen areas of expenditures covered by the decision on cost reviews made in 2021, the cost reviews were completed in fifteen of them.

The reports on the state budget cost reviews completed following the imposition of the martial law were not published in connection with adoption of Law of Ukraine No. 2134-IX of 15.03.2022 «On Amending Section VI 'Final and Transitional Provisions' of the Budget Code of Ukraine and Other Legislative Acts of Ukraine»²⁰.

8.3. Effective performance monitoring

In 2022, with account of the martial law, the results of the evaluation of the effectiveness of budget programmes for 2021 were published by around 50% of the main spending units.

Also, according to the information furnished by the main spending units together with the budget requests during the preparation of the draft State Budget of Ukraine for 2023, gender analysis was conducted for 135 budget programmes. Fifty budget programmes included into the draft State Budget of Ukraine for 2023 consider the gender aspect and describe it in their characteristics.

8.4. Improving the programme-based budgeting at the local level, including the application of a gender-oriented approach in the budgeting

On 21.12.2022, amendments were made to the Standard Programme Cost Classification and Local Budget Crediting in order to improve budget classification (Order of the Ministry of Finance No. 453).

Also, the amendments to Order of the Ministry of Education and Science No. 992 of 10.07.2017 «On Approving the Standard List of Budget Programmes and Their Performance Indicators for Local Budgets in the Field of Education» (as amended) were developed.

However, as it has already been stated, according to Law of Ukraine No. 2134-IX of 15.03.2022 «On Amending Section VI 'Final and Transitional Provisions' of the Budget Code of Ukraine and Other Legislative Acts of Ukraine», the rules of Article 75¹ of the Budget Code of Ukraine and related rules regarding the local budget forecasts shall not be applied during the martial law.

9. Inter-budget relations and fiscal decentralisation



General goal: to ensure the financial capacity of territorial communities and to improve inter-budgetary relations, taking into account a new model of territorial organisation of the government of Ukraine and the updated powers of the executive authorities and local self-government bodies.

²⁰ In 2021, the reviews covered sixteen areas of expenditures of nine main spending units. In fifteen areas, the cost reviews were completed, and fourteen reports were prepared, and the decision of the Government of Ukraine was adopted on nine of them. Thirteen reports were published.

Progress in achieving the planned results is determined by the following indicators:

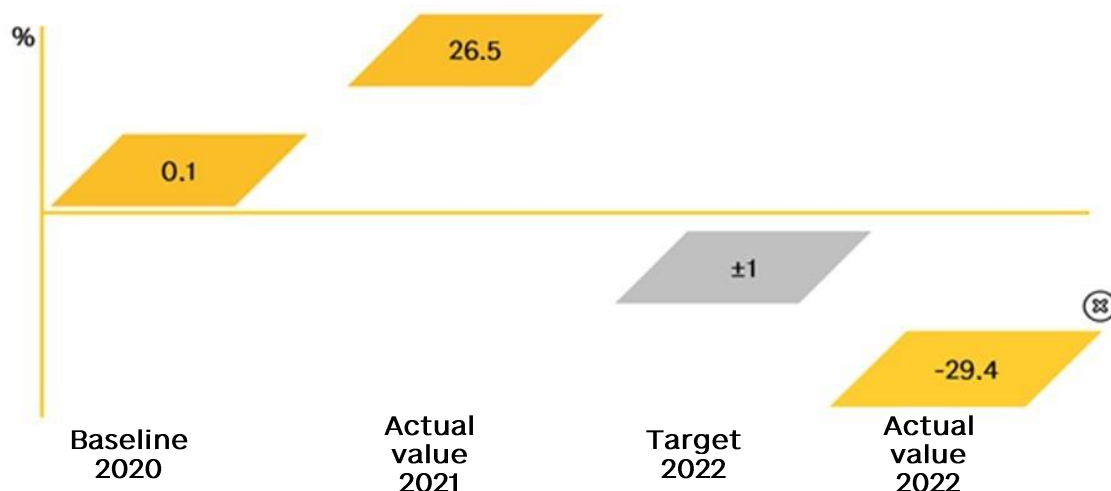
- ✓ ensuring change in the actual indicator of the volume of transfers from the state budget to local budgets for the reporting period towards the approved target at the level of up to 1%;
- ✓ increasing the share of local budget revenues (excluding transfers) in the Consolidated Budget of Ukraine.

In 2022, despite the extremely negative impact of the armed aggression of the Russian Federation upon the social and economic development of the Ukrainian regions, the local authorities turned out to be capable of facing the budget challenges with dignity, and the targets of revenues of the general fund of local budgets were generally achieved in Ukraine.

However, the target values of the Strategy indicators for this component were not achieved since they had been established before the war and for times of peace.

Also, in connection with the martial law and temporary occupation of the territories of Ukraine by the Russian Federation, certain activities of the Strategy for this component were suspended.

⌘ At the end of 2022, the change in the actual indicator of the volume of transfers from the state budget to local budgets for the reporting period towards the approved target made 29.4%.



Change in the actual indicator of the volume of transfers from the state budget to local budgets for the reporting period towards the approved target

Failure to achieve the target was caused by the fact that the local budgets were given transfers from the state budget in the amount of UAH 136.8 billion in 2022 during the martial law, which was UAH 56.9 billion less than the target set for 2022 and UAH 66.0 billion less than in 2021.

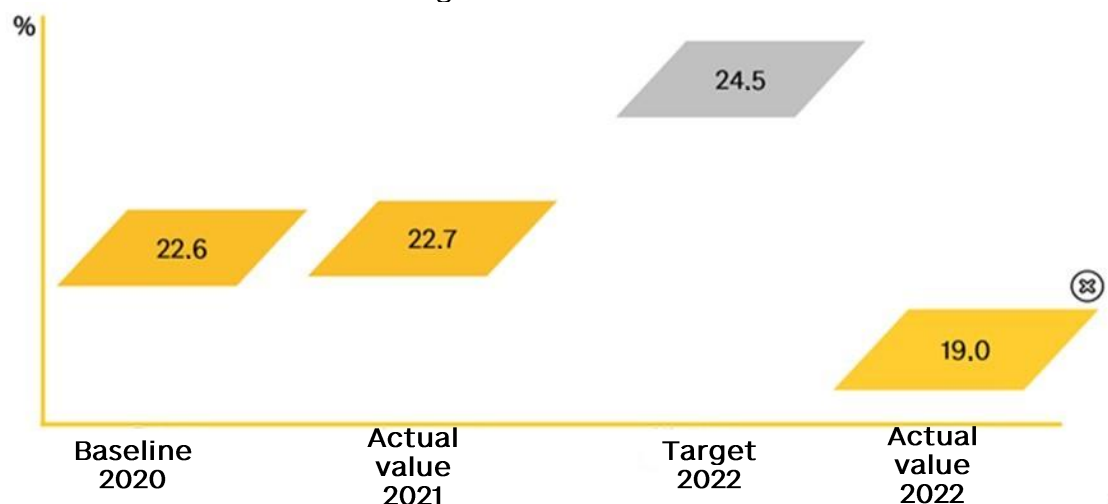
In the context of the martial law and temporary occupation of some of the territories of Ukraine by the Russian Federation, budget expenditures were aimed at maintaining the defensive ability and fulfilling all the social commitments of the state in the first place. In that regard, the inter-budget transfers were redistributed to the state budget reserve fund in the amount of UAH 34.7 billion, to be used without limitation for the needs of the defence and security sector.

The principal transfers from the general fund of the state budget for 2022 include:

- educational subvention in the amount of UAH 96.7 billion;
- basic grant-in-aid in the amount of UAH 16.3 billion;
- subvention from the state budget to the local budgets to satisfy the relevant needs of state functioning during the martial law in the amount of UAH 6.2 billion;
- subvention from the state budget to the local budgets to support individual healthcare institutions and activities in the amount of UAH 2.8 billion.

⊗ In 2022, the share of local budget revenues (excluding transfers) in the Consolidated Budget of Ukraine made 19%.

Deviation of the actual indicator from the target is explained by the fact that the pace of local budget revenues gain in Ukraine in 2022 was considerably smaller than the pace of revenues gain in the Consolidated Budget of Ukraine. In particular, it was caused by changes in the parameters of the State Budget of Ukraine for 2022 by revenues and budget performance above target during the martial law, and the continuously growing need for resources as well as crediting of the grants from the international partners for budget support and balance into the state budget revenues.

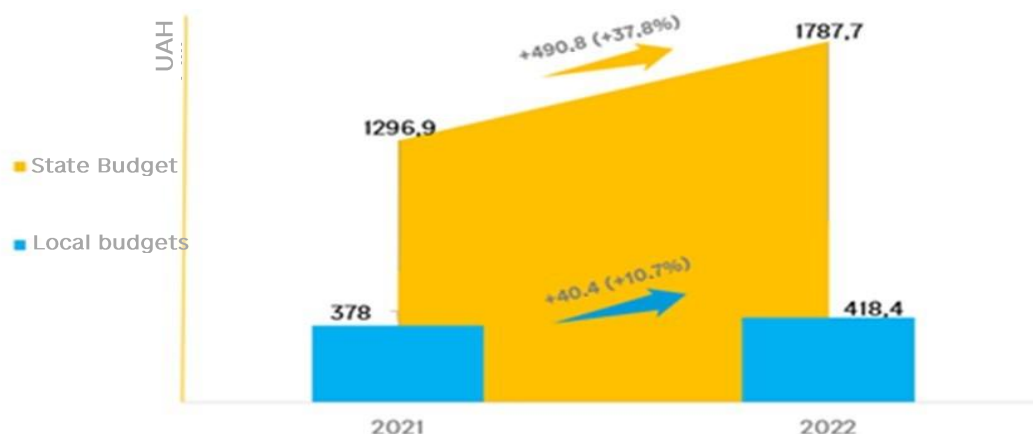


Share of local budget revenues (excluding transfers) in the Consolidated Budget of Ukraine

In particular, the Law of Ukraine «On the State Budget of Ukraine for 2022» was adopted by the Verkhovna Rada of Ukraine on 02.12.2021 with the revenues of UAH 1,323.9 billion. With account of the amendments approved by the Verkhovna Rada of Ukraine in 2022 to the Law of Ukraine «On the State Budget of Ukraine for 2022», the state budget revenues indicators made UAH 1,553 billion.

As of the end of 2022, UAH 1,787.7 billion were mobilised to the State Budget of Ukraine, which was UAH 490.8 billion or 37.8% more than in 2021.

Moreover, local budget revenues (excluding transfers) in 2022 in comparison with 2021 grew by UAH 40.4 billion, or by 10.7% (from UAH 378.0 billion in 2021 up to UAH 418.4 billion in 2022).



9.1. Clear division of powers between executive bodies and local self-government bodies

In order to divide powers of village, urban-type settlement and city councils and their executive bodies, district and regional councils, executive authorities based on the subsidiarity principle, the Government of Ukraine approved and submitted to the Verkhovna Rada of Ukraine in 2021 the draft Law of Ukraine «On Amending Certain Legislative Acts as to Decentralisation and Division of Powers of Local Self-Government Bodies and Executive Authorities due to Changes in the Administrative and Territorial Structure» (registration No. 6282 of 04.11.2021) and draft Law of Ukraine «On Amending the Law of Ukraine 'On Local Self-Government in Ukraine' as to Division of Powers of Local Self-Government Bodies due to Changes in the Administrative and Territorial Structure» (registration No. 6281 of 04.11.2021).

The draft laws propose amendments to the Law of Ukraine «On Local Self-Government in Ukraine» and industry-specific legislation regarding:

- determination of the same powers of village, urban-type settlement and city councils and their executive bodies (without division into city councils of cities of raion significance or cities of oblast significance, councils of united territorial communities);
- division of powers of village, urban-type settlement and city councils and their executive bodies, raion and oblast councils, raion and oblast state administrations;
- elimination of duplicated powers of local self-government bodies of different levels.

In 2022, the draft laws were included into the agenda of the eighth session of the Verkhovna Rada of Ukraine of the ninth convention (Resolution of the Verkhovna Rada of Ukraine No. 2557-IX of 06.09.2022)²¹.

9.2. Increase of the local self-government bodies' own financial resources

By the order of the Chairman of the Committee of the Verkhovna Rada of Ukraine on Finance, Taxation and Customs Policy D. Hetmantsev, the Committee has established the work group to develop the uniform concept of the procedure for transferring the individual income tax to budgets.

The work group in the Committee of the Verkhovna Rada of Ukraine on Finance, Taxation and Customs Policy and representatives of the Ministry of Finance drafted the Law of Ukraine «On Amending the Tax Code of Ukraine as to Improvement of the Procedure for Assessing, Withholding and Paying

²¹ The draft laws were excluded from the agenda on 07.02.2023..

(Transferring) the Individual Income Tax to the Budget” (registration No. 8122-1 of 25.10.2022), which was submitted by the Members of the Parliament of Ukraine.

The purpose of the draft law is to ensure full transfer of the individual income tax to local budgets, fair distribution thereof between territorial communities, and to eliminate differences in the tax legislation as to the concept of the standalone unit and the budget to which the individual income tax is to be paid (transferred).

Pursuant to the regulatory requirements, the Ministry of Finance is accompanying this draft law in the committees of the Verkhovna Rada of Ukraine.

In order to set up information exchange between the local self-government bodies and tax authorities, and in pursuance of the requirements of Law of Ukraine No. 1914 of 30.11.2021 «On Amending the Tax Code of Ukraine and Other Legislative Acts of Ukraine as to Balance of Budget Revenues», the Ministry of Finance issued Order No. 59 of 10.02.2022 «On Amending Order of the Ministry of Finance of Ukraine No. 723 of 23 November 2020», which was registered with the Ministry of Justice on 28.02.2022 under No. 259/37595. This Order approved the Procedure for Tax Reporting of the Regulatory Authorities by Tax Payers (Legal and Natural Persons) to the Local Self-Government Bodies.

Within the framework of service contracts for supporting, maintaining and adapting the software of the ICS «Electronic Account» No. 57 of 05.08.2022 and adapting the software of the ICS «Tax Block» No. 86 of 24.11.2022, the orders were fulfilled regarding reporting to the local self-government bodies by sources of income and by taxpayers via the ICS «Electronic Account» and IAS «LOGICA».

The private part of the Electronic Account enables to submit a request for information on taxpayers to the local self-government body, to receive such information on taxpayers (legal and natural persons) and sources of income after it is successfully processed:

- on amounts of taxes and/or levies assessed and paid, amounts of the tax debt and excessive taxes and/or levies paid to the local budgets;
- on the amount of the taxpayers' tax debt written off;
- on the amount of the taxpayers' tax liabilities paid by instalments and deferred and/or tax debt;
- on amounts of the tax benefits granted.

9.3. Improving the mechanism of financial support of expenditure powers delegated by the state to local self-government bodies and local executive authorities

Temporary occupation of certain territories of Ukraine by the Russian Federation and hostilities materially affect indicators of social and economic development of the territorial communities whereas absence of sustainable statistical information and uncertainty about duration of hostilities and their effects have actually made it impossible to forecast revenues and expenditures of the local budgets.

Use of data on actual payment of the corporate income tax and the individual income tax in 2021 for horizontal alignment of the tax capacity of the local budgets for 2023 as prescribed by Articles 98, 99 of the Budget Code of Ukraine was inconsistent with the real situation in the communities.

In that regard, Law of Ukraine No. 2710-IX of 03.11.2022 «On the State Budget of Ukraine for 2023» changed the mechanism for horizontal alignment of the tax capacity of the local budgets for 2023; in particular, horizontal alignment was carried out for:

- oblast budgets separately for the corporate income tax received from January to August 2022, and for the individual income tax expected in 2022;
- budgets of the territorial communities for the individual income tax expected in 2022.

During the martial law and for a year after it is over, horizontal alignment of the tax capacity of the local budgets for the planned year may be carried out for the expected corporate income tax and the individual income tax for the year prior to the planned one.

The expected tax revenues of the planned year will be calculated with account of actual tax revenues from January to August and expected revenues from September to December of the reporting year (year prior to the planned one).

In order to keep improving the mechanism for horizontal alignment and reduce disproportion in the financial sustainability of communities, the principal matter must be the need to provide social services guaranteed by the state all over the territory.

For this approach to be implemented, the following needs to be done:

- to determine the clear list of own and delegated powers of the territorial communities, and to divide them between local self-government levels by amending the Law of Ukraine «On Local Self-Government in Ukraine»;
- to introduce the new model to determine the quantity of the actual population of the territorial communities that is used to calculate horizontal alignment of the tax capacity of the territories to the actual indicators (material differences between the statistical data and actual data of the actual population in the communities result in distortion of horizontal alignment data);
- to introduce financial statistics by communities in accordance with the new administrative and territorial structure.

With a view to improving approaches to financing regional development projects from the State Regional Development Fund, the amendments to the Budget Code of Ukraine made by Law of Ukraine No. 2042-IX of 15.02.2022 changed the approaches to division and direction of funds from the State Regional Development Fund for implementation of investment programmes and regional development projects. Law of Ukraine No. 2389-IX of 09.07.2022 «On Amending Certain Legislative Acts of Ukraine as to the Fundamentals of the State Regional Policy and the Policy for Recovery of Regions and Territories» elaborated the principles of state support of regional development and determined the directions thereof.

In connection with the armed aggression of the Russian Federation against Ukraine, Resolution of the Cabinet of Ministers of Ukraine No. 199 of 04.03.2022 «Matters of Paying One-Time Financial Assistance to the Insured in 2022 in Connection with Loss of a Part of Wages (Income), with Their Work (Economic Activity) Temporarily Suspended as a Result of Hostilities during the Martial Law in Ukraine» reduced the expenditures allocated to the MCDT for 2022 within programme 2761070 «State Regional Development Fund» (UAH 5.205 billion).

The Law of Ukraine «On the State Budget of Ukraine for 2023» provided for the expenditures of the State Regional Development Fund in the amount of UAH 2 billion.

9.4. Enhancement of financial transparency and accountability of local self-government bodies

Performance of the Strategy activities in this area was temporarily suspended in the context of martial law and in connection with temporary occupation of some of the territories of Ukraine by the Russian Federation.

10. Public procurement system



General goal: effective functioning of the public procurement system, which is the key to the rational use of public funds and the development of a competitive economy.

Progress in achieving the planned results is determined by the following indicators:

- ✓ **increasing the proportion of procurement procedures monitoring conducted by the body of public financial control on the basis of automatic risk indicators in the total number of procurement procedures monitored;**
- ✓ **increasing the average participation rate in competitive procurement procedures;**
- ✓ **increasing the average participation rate in simplified procurement procedures, participants;**
- ✓ **decreasing the share of cancelled procurement procedures (recognition of those as not having taken place).**

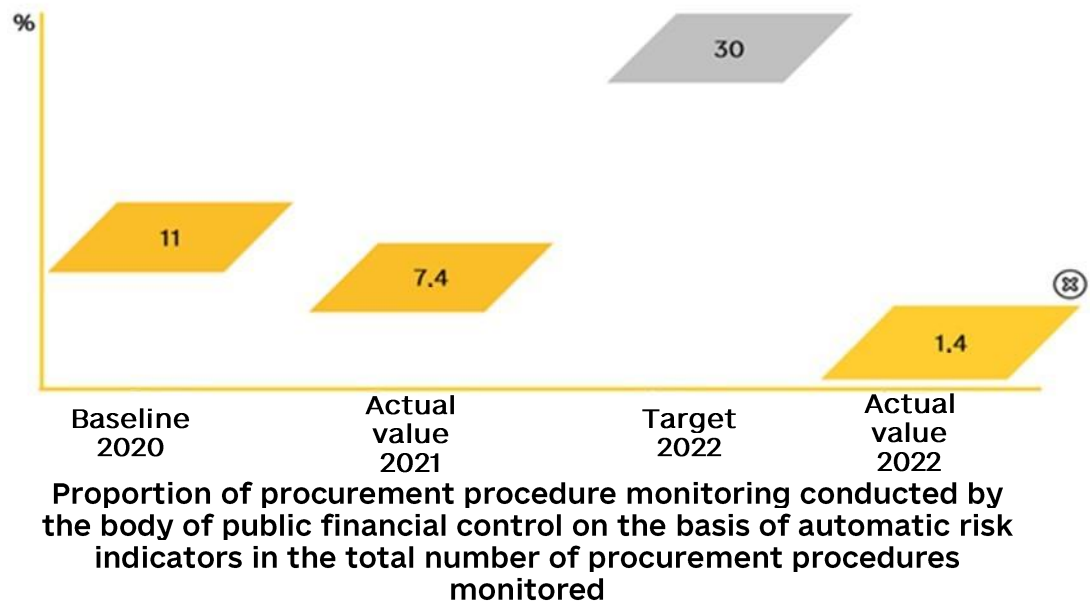
In order to ensure effective functioning of the public procurement system during the reporting year within the Strategy, the tasks were performed to improve the procedure for monitoring public procurement and improving access to relevant sources of information.

At the same time, Resolution of the Cabinet of Ministers of Ukraine No. 1178 of 12.10.2022 (effective date – 19.10.2022) introduced the Special Aspects of Public Procurement of Goods, Works and Services for Procuring Entities under the Law of Ukraine “On Public Procurement”, for the term of the legal regime of martial law in Ukraine and for ninety days after it is terminated or cancelled.

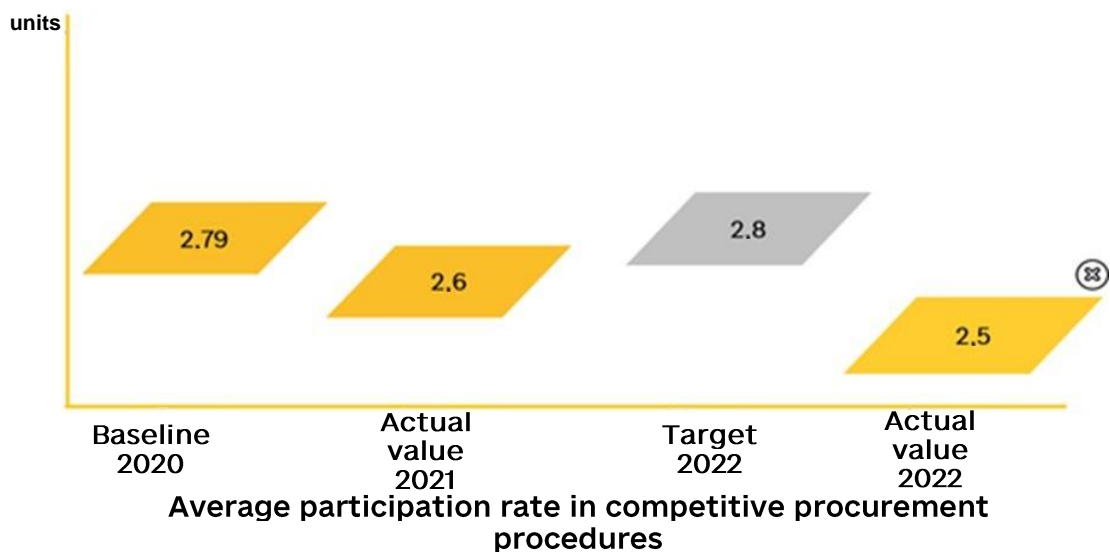
⊗ In 2022, the proportion of procurement procedures monitoring conducted by the State Audit Service and its inter-regional territorial units on the basis of automatic risk indicators in the total number of procurement procedures monitored made almost 1.4% while the target value was 30%.

The deviation was caused by the fact that the procurement procedures were mostly selected during the martial law based on the ground «Signs of violation(s) of the public procurement legislation detected by the body of public financial control in the information published in the electronic procurement system», with account of the special aspects introduced for the period of martial law (changes in the threshold values and resulting calculation algorithms in accordance with the legislation, and application of the procedure of public bidding with special aspects), and the need to

monitor procurement with account of information without a machine-readable format in the electronic procurement system.



⊗ In 2022, the average participation rate in competitive procurement procedures made 2.5 participants, which was 0.3 units less than the target value.



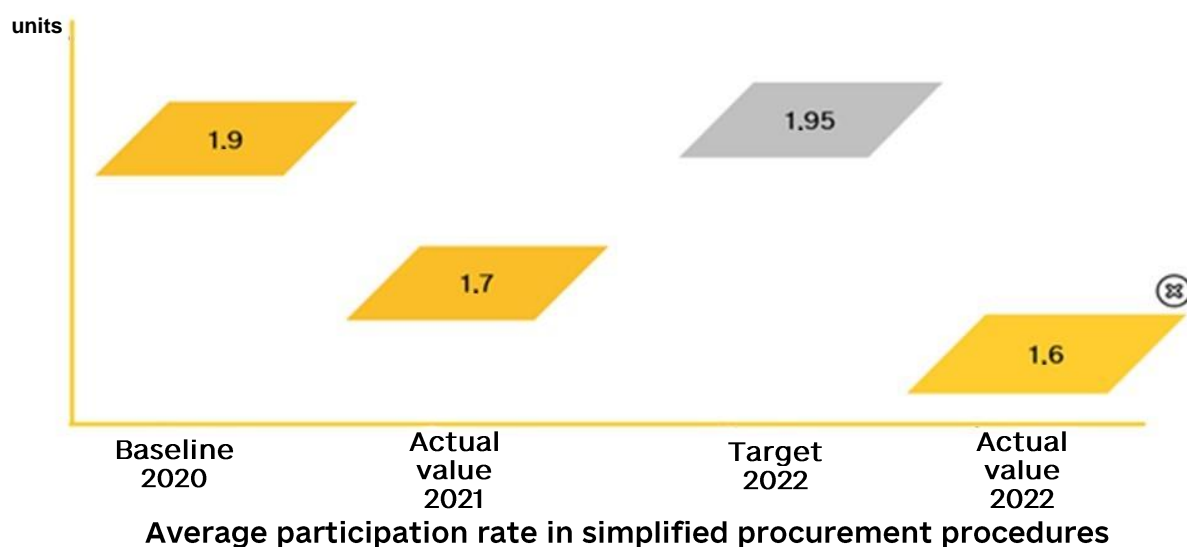
A decrease in the number of participants of such procurement procedures was connected with the full-scale armed aggression of the Russian Federation against Ukraine and the resulting imposition of the legal regime of martial law. The military aggression of the Russian Federation against Ukraine had an extremely negative impact upon activities of economic operators; in particular, there was a permanent threat of destruction of important infrastructure, logistical chains had to be changed, it was difficult to obtain raw material, and there was shortage of staff due to forced migration and mobilisation. Moreover, the considerably quantity of economic operators ceased their business activities, and some businesses were relocated to safer territories.

Furthermore, in the context of the full-scale war launched in the territory of Ukraine by the Russian Federation with support of the Republic of Belarus, it was forbidden to carry out public procurement of goods, works and services

from state-owned legal entities being residents of the Russian Federation / Republic of Belarus, legal entities incorporated and/or registered in accordance with the legislation of the Russian Federation / Republic of Belarus, and legal entities whose ultimate beneficial owners (whose owners) are residents of the Russian Federation / Republic of Belarus, and/or from natural persons (individual entrepreneurs) being residents of the Russian Federation / Republic of Belarus, as well as public procurement from other economic operators that sell goods, works and services originating from the Russian Federation / Republic of Belarus, in order to limit financing of the aggression of the Russian Federation against Ukraine, which also resulted in fewer participants of procurement procedures.

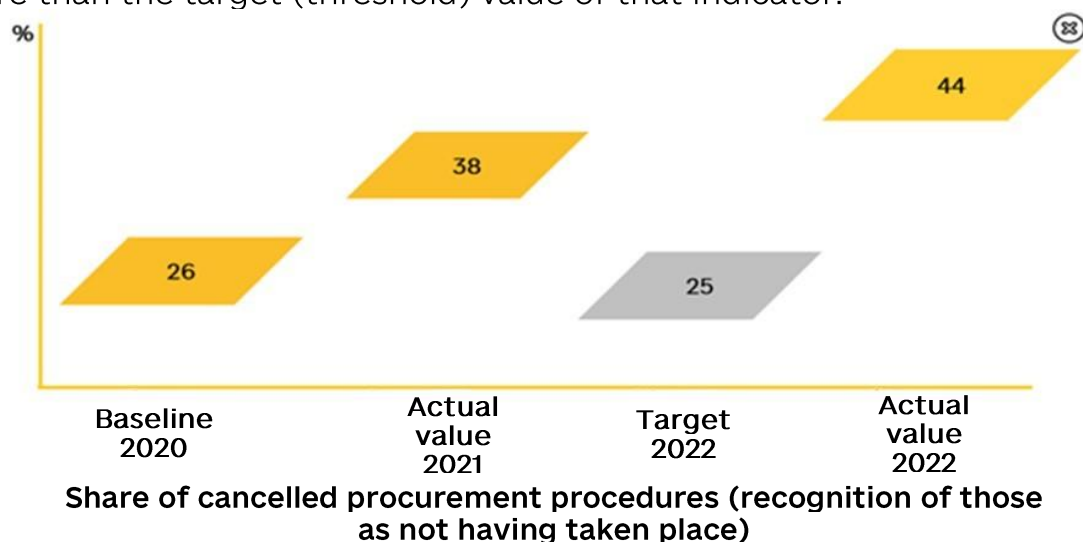
Those factors also contributed to failure to achieve the average participation rate in simplified procurement procedures in 2022.

⊗ The average participation rate in simplified procurement procedures in 2022 made 1.6 participants, which was 0.35 units less than the target value.



A decrease in the number of participants of such procurement procedures also resulted from the full-scale armed aggression of the Russian Federation against Ukraine.

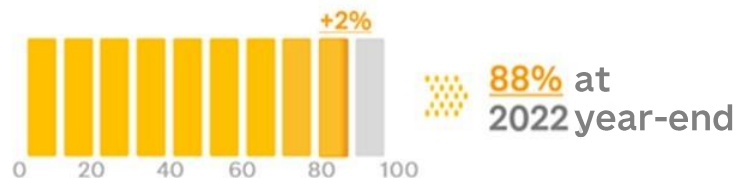
⊗ As of the end of 2022, the share of cancelled procurement procedures (recognition of those as not having taken place) made 44%, which was 19% more than the target (threshold) value of that indicator.



The deviation of the actual values from the targets was caused by the following:

- 1) changes in the procuring entities' needs in connection with the imposition of the legal regime of martial law and the need to eliminate effects of the active hostilities in respective territories;
- 2) redistribution of funds in the state and local budgets;
- 3) dramatic changes in prices (according to the State Statistics Service, the prices grew by 28.9% on average from the beginning of the armed aggression of the Russian Federation (February 2022) until July 2022), and they keep growing. At the same time, there is stable dynamics as to material growth of prices during the period from planning of the procurement procedure until the completion thereof, which negatively influences successful completion of the procurement procedure commenced.

At the same time, according to the Report of the Government of Ukraine on Implementation of the Association Agreement between the European Union and Ukraine, progress in fulfilment of the Public Procurement obligations in 2022 made +2%.



Within the Seventh Meeting of Ukraine – EU Association Committee in Trade Configuration (25-26.10.2022), the EU Side positively assessed completion of Stages I and II by Ukraine as prescribed by Annex XXI-B and Annex XXI-C to Chapter 8 «Public Procurement» of the Association Agreement.

10.1. Improving the procedure for monitoring public procurement and improving access to relevant sources of information

In pursuance of the Strategy in this direction, the part of the information that is to be included into bidding documentation can be entered as separate fields in the electronic procurement system; in particular, it is information on the procuring entity (its location, contact details etc.); procurement procedure; item being procured; bid security; bid language; time frames for submission and opening of the bid; guarantee of performance of the contract; assessment criteria; contractual payment conditions and sources of financing.

Moreover, information on grounds for refusing from participation in the procurement procedure (Article 17 of the Law of Ukraine «On Public Procurement») can be entered as separate fields in the electronic procurement system.

In 2023, it is planned to take actions aimed at ensuring accessibility of public procurement to stimulate the activities of small and medium-sized businesses by simplifying the procurement process through automating procurement processes and professionalising the sphere of public procurement. The implementation of such measures will enable increasing the level of competition in procurement and the efficiency of procurement, and hence optimising the application of state budget funds.

10.2. Improving methodological approaches to control in the field of public procurement

In the reporting year, pursuant to Order of the State Audit Service No. 126 of 30.06.2022 (as amended on 12.07.2022 under No. 137), the Guidelines on Public Financial Control in the Field of Public Procurement by the State Audit Service and Its Inter-Regional Territorial Bodies (procurement procedure monitoring) were developed and approved; in particular, check lists for procurement procedure monitoring (public bidding and negotiation procedure) were introduced.

Also, the draft Order of the Ministry of Finance “On Amending the List of Automatic Risk Indicators” has been developed, and it is planned to be amended in 2023.

Moreover, the priorities for 2023 include the matter of improving functioning of the system for determining automatic risk indicators within the international technical assistance project «Support to Public Procurement Reform in Ukraine» and the World Bank’s project for further implementation in the electronic procurement system and the Integrated Automated System for Supporting Decision-Making by the Body of Public Financial Control «E-Auditor» (IASSDM «E-Auditor»).

11. Public investment management



General goal: to ensure the planning of public investments on the basis of strategic priorities and medium-term budget perspective and the implementation of transparent and economically sound selection of investment projects.

Progress in achieving the planned results is determined by the following indicators:

- ✓ **improving the quality of preparation of state investment projects (share of state investment projects that meet certain criteria for participation in the competitive selection by the Interdepartmental Commission on State Investment Projects in the total number of state investment projects submitted to the Ministry of Economy by the main spending units);**
- ✓ **selection of state capital investments with a view to the implementation of state investment projects, % of the plan.**

In 2022, the Report on public investment management (PIM) diagnostic assessment (PIM Report) was made public. Although the assessment had started in 2021, the impact of the Russian invasion was considered in the final recommendations. It was noted in the report that Ukraine had reached major progress in improvement of the public investment management system since 2015, and the level of its performance was similar to comparable countries all over the world. However, the public investment management system still needs to be developed.

② As of the end of 2022, the Strategy indicators «**Improving the quality of preparation of state investment projects (share of state investment projects that meet certain criteria for participation in the competitive selection by the Interdepartmental Commission on State Investment Projects in the total number of state investment projects submitted to the Ministry of Economy by the main spending units)**» and «**Selection of state capital investments with a view to the implementation of state**

investment projects» are not subject to assessment since the MSU were unable to submit investment projects to the Ministry of Economy by 01.03.2022 as a result of the full-scale invasion of Ukraine by the Russian Federation.

Moreover, selection of state investment projects by the Interdepartmental Commission on State Investment Projects was not carried out during the reporting year in connection with lack of budget allocations to the main spending units for state investment projects in 2022.

The Law of Ukraine «On the State Budget of Ukraine for 2023» does not provide for state capital investment for development and implementation of state investment projects.

With due consideration of the above, most Strategy activities in the directions **«11.1. Strategic planning of public investment in the medium-term perspective», «11.2 Harmonisation of approaches to assessment and selection of proposals as regards funding investment projects», «11.5 Improvement of the approaches to management of investment projects funded from the local budgets»** were suspended in 2022.

At the same time, the Strategy regarding public investment management is going to be implemented within Grant T No. FOB6630 of the Project «EU Public Finance Management Support Programme for Ukraine»²², the purpose of which is:

- 1) enhanced public resource management by introducing the HRMIS (human resource management information system) all over the country;
- 2) assessment of and increase in efficiency of public investment management system;
- 3) enhanced management of state enterprises (to be implemented by the Ministry of Economy).

11.3. Building the line ministries' capacity in public investment management

In 2022, fifteen regional advanced training centres conducted training on public investment management for 6,199 persons, including: 2,939 civil servants and 3,260 local self-government officials.

11.4. Improvement of the monitoring over implementation of investment projects and improvement of their transparency

In 2022, the main spending units organised publication of reports on monitoring of progress in development (implementation) of state investment projects on the official websites.

In its turn, the Ministry of Economy collected all the information from the main spending units and drew up the report on monitoring of progress in development (implementation) of state investment projects, but it was not published on the official website of the Ministry as no meetings of the

²² For reference: On 09.02.2022, First Vice Prime Minister of Ukraine and Minister of Economy of Ukraine Yu. A. Svyrydenko signed the Agreement Letter on Grant T No. FOB6630 of the Project «EU Public Finance Management Support Programme for Ukraine» between Ukraine and the International Bank for Reconstruction and Development. The final outcome of the Project includes without limitation enhanced preparation, assessment, selection, introduction, monitoring, ex-post assessment of public investment in accordance with the strategic priorities of the Government of Ukraine. One of the tasks of the Grant is to create the complex data base of the public investment portfolio and to automate the decision-making and public investment management process.

Interdepartmental Commission on State Investment Projects were held because of the martial law imposed in Ukraine.

Moreover, according to Law of Ukraine No. 2134-IX of 15.03.2022 «On Amending Section VI 'Final and Transitional Provisions' of the Budget Code of Ukraine and Other Legislative Acts of Ukraine», the rules of Article 28(5) of the Budget Code of Ukraine (namely the ones regarding publication of reports on progress in implementation of state investment projects by main spending units) shall not be applied during the martial law.

12. Public sector accounting



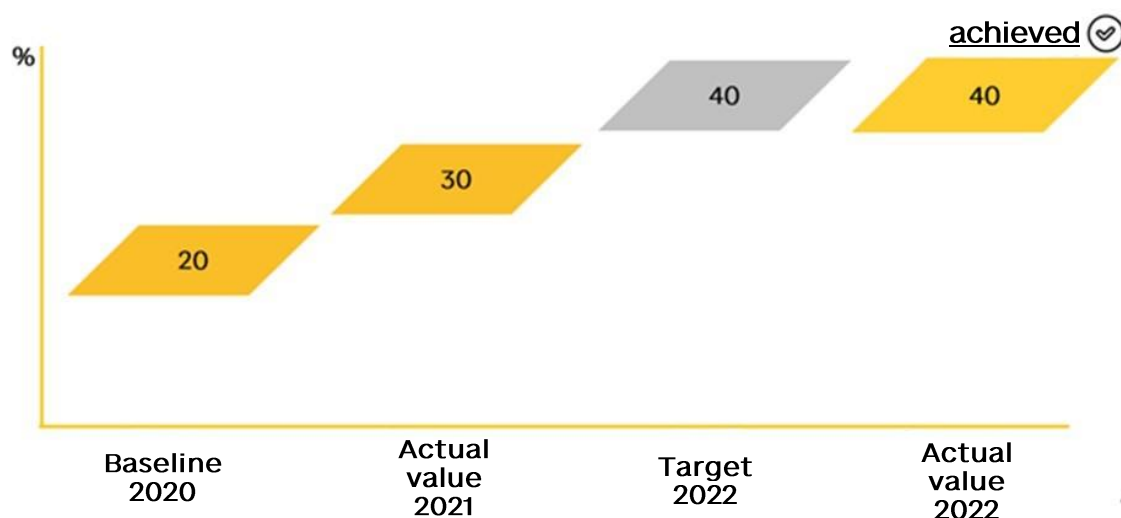
General goal: to improve the quality, completeness and reliability of data on the basis of which managerial decisions are made in the sphere of public finance.

Progress in achieving the planned results is determined by the following indicator:

✓ **increasing the proportion of improved national rules (standards) of public sector accounting in accordance with IPSAS.**

The Ministry of Finance keeps improving the national rules (standards) of public sector accounting in accordance with the International Public Sector Accounting Standards and amendments thereto as well as other accounting legal and normative acts with account of the EU legislation, international financial reporting standards and amendments thereto.

☑ At the end of 2022, the target values of the Strategy for this component were achieved.



Proportion of improved national rules (standards) of public sector accounting in accordance with IPSAS

In particular, the proportion of improved national rules (standards) of public sector accounting in accordance with IPSAS pursuant to the IPSAS amendments and improvements makes 40%, as planned by the Strategy.

12.1. Improvement of national rules (standards) of public sector accounting

In 2022, amendments to NR(S)PSA 121 were developed based on IPSAS 17 «Property, Plant and Equipment», and Order of the Ministry of Finance No. 312 of 03.10.2022 «On Approving the Amendments to National Rules (Standard) of Public Sector Accounting 121 ‘Property, Plant and Equipment’ Registered with the Ministry of Justice on 18.10.2022 under No. 1254/38590» was issued.

Also, supplemental Agreements on the permission to translate and publish the materials protected by copyright of 19.09.2022 No. UA-MOF-T-OA9-2022 and No. UA-MOF-T-OA10-2022 between the Ministry of Finance and the International Federation of Accountants were made to obtain permission to translate IPSAS 41 «Financial Instruments», IPSAS 42 «Social Benefits», IPSAS 43 «Leases» and Improvements to IPSAS 2019, 2021. The electronic version of the original text of IPSAS and improvements thereto was furnished to the experts of EU4PFM Project for translation.

Moreover, the Improvements to IPSAS 2019, IPSAS 2021 and IPSAS 42 «Social Benefits» were translated within EU4PFM Project.

12.2. Improving organisational framework and quality of accounting services in the public sector

During the reporting period, the special (certificate) advanced training programme «Accounting in public institutions and organisations based on the national standards» was developed for the civil servants of categories B and C and local self-government officials (Order of the Ministry of Finance No. 368 of 09.11.2022).

That programme was published at the web-portal of professional training knowledge management «Knowledge Management Portal». The training activities were to be organised and conducted by the State Tax University in accordance with Order of the Ministry of Finance No. 368 of 09.11.2022 «On Approving the Advanced Training Programme».

The training is scheduled for 2023.

EU4PFM Project analyses the international and national best accounting practices and the organisational framework for accounting in the public sector, list of powers and qualification requirements to staff of accounting services. Proposals are being prepared to amend the Standard Regulation on the Accounting Service of the Budget Institution approved by Resolution of the Cabinet of Ministers of Ukraine No. 59 of 26.01.2011, and the Procedure for Assessing Discharge of Duties by the Chief Accountant of the Budget Institution approved by Order of the Ministry of Finance No. 1537 of 01.12.2011.

12.3. Improving the quality of information on the overall property status and performance of public sector entities and budgets

In 2022, the Treasury formed the general consolidated financial statements for 2021 based on the following data: financial reporting on budget execution; consolidated indicators of consolidated financial reporting on local budget execution; consolidated indicators of consolidated financial reporting of main spending units of the state budget; consolidated indicators of consolidated financial reporting of main spending units of local budgets; consolidated indicators of consolidated financial reporting of budgets of the mandatory state social and pension insurance funds.

However, due to the military aggression of the Russian Federation against Ukraine and imposition of the martial law in Ukraine, some of the main spending units of local budgets, namely the local budgets of Luhansk and

Kherson Oblasts, were unable to make timely annual consolidated reporting for 2021 in accordance with the regulatory documents and to submit it to the Treasury within the established time frames.

At the same time, according to Law of Ukraine No. 2134-IX of 15.03.2022 «On Amending Section VI 'Final and Transitional Provisions' of the Budget Code of Ukraine and Other Legislative Acts of Ukraine», the rules of Article 28(5) of the Budget Code of Ukraine shall not be applied during the martial law.

12.4. Improving the procedure for disclosing information on the execution of state and local budgets in accounting

In 2022, Order of the Ministry of Finance «On Approving the Amendments to Certain Legal and Normative Acts on Public Sector Accounting», which provided for without limitation amendments to the Procedure for Applying the Plan of Bookkeeping Accounts in the Public Sector approved by Order of the Ministry of Finance No. 1219 of 29.12.2015, started to be drafted. It is going to be modified and approved in 2023.

13. Treasury servicing of budget funds

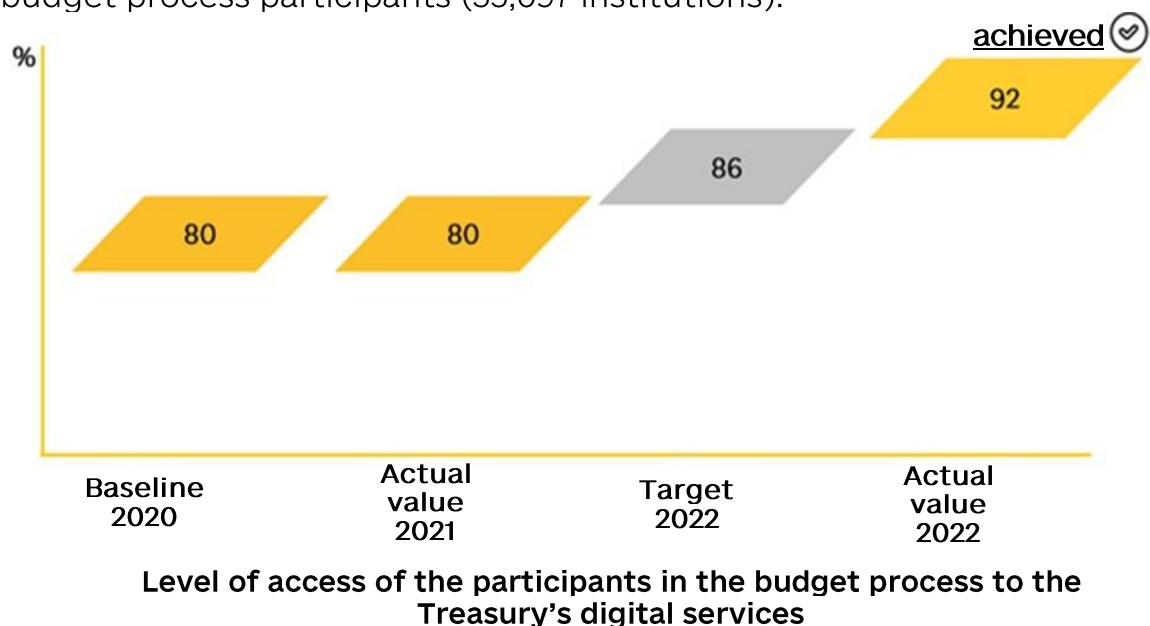


General goal: to ensure efficiency and transparency in budget execution. To achieve that goal, it is necessary to ensure strengthening the Treasury's institutional capacity and improve management of the single treasury account.

Progress in achieving the planned results is determined by the following indicator:

✓ **increasing the level of access of the participants in the budget process to the Treasury's digital services.**

☑ As of 31.12.2022, the remote service system «Treasury Client – Treasury» was actually connected to 32,173 spending units and recipients of funds from the state and local budgets, which made 92% of the total number of the budget process participants (35,097 institutions).



In 2022, the specific weight of spending units and recipients connected to the remote service system «Treasury Client – Treasury» was increased by 12% (as of 31.12.2021, the level of connection to the remote service system «Treasury

Client – Treasury» made 80% of spending units and recipients of budget funds).

As of 31.12.2022, 2,097 other clients of the Treasury were connected to the remote service system «Treasury Client – Treasury».

13.1. Enhancement of the Treasury's institutional capacity

As the martial law was imposed in Ukraine by Decree of the President of Ukraine No. 64 of 24.02.2022, the Treasury discharges its powers in accordance with Resolution of the Cabinet of Ministers of Ukraine No. 590 of 09.06.2021 «On Approving the Procedure for Discharge of Its Powers by the State Treasury Service in the Special Regime of Martial Law» (as amended) and the Regulation on the State Treasury Service of Ukraine approved by Resolution of the Cabinet of Ministers of Ukraine No. 215 of 15.04.2015 (as amended).

In 2022, a number of amendments to the Procedure for Discharge of Its Powers by the State Treasury Service in the Special Regime of Martial Law were made with account of new challenges posed by the martial law.

13.2. Improving the procedures for treasury servicing of budget funds and relevant reporting forms

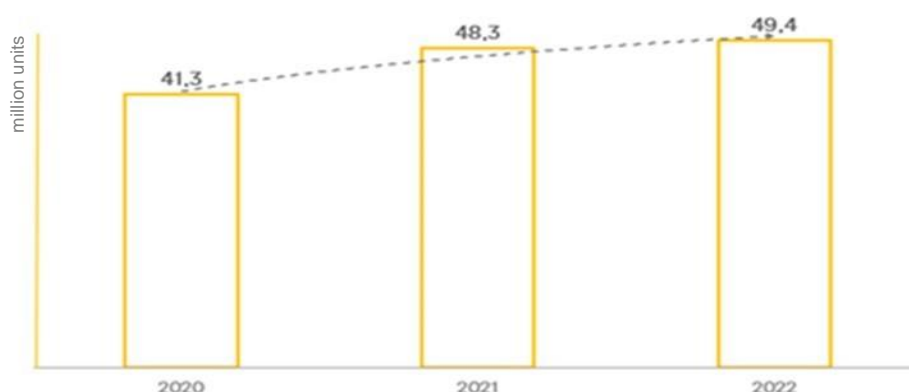
In 2022, the new upgraded version of the remote service system «Treasury Client – Treasury» was put into operation.

The version got the new module to submit electronic documents for refund of erroneously or excessively paid funds from the budget.

Also, certain types of documents that required approval by another institution as prescribed by the legislation (electronic request for refund from the budget and order on allocating funds from the general / special fund of the local budget) could be approved in electronic form directly in the remote service system «Treasury Client – Treasury».

The client and user administration procedures were optimised, which enabled to considerably simplify the procedure and reduce the document flow when connection of clients to the remote service system «Treasury Client – Treasury» was organised.

In order to simplify user interaction with the remote service system «Treasury Client – Treasury», the new intuitive interface was introduced, and the tools were expanded, including new functions of creating and using user reference guides with details of documents, download of electronic receipts of progress of electronic documents, additional information on account and document parameters on screen forms etc.



In 2022, the quantity of electronic documents submitted by clients during settlement and cash services via the remote service system «Treasury Client – Treasury» to the Treasury's bodies made 49.4 million electronic documents. That indicator made 48.3 million documents in 2021, and 41.3 million documents in 2020.

14. System of public internal financial control

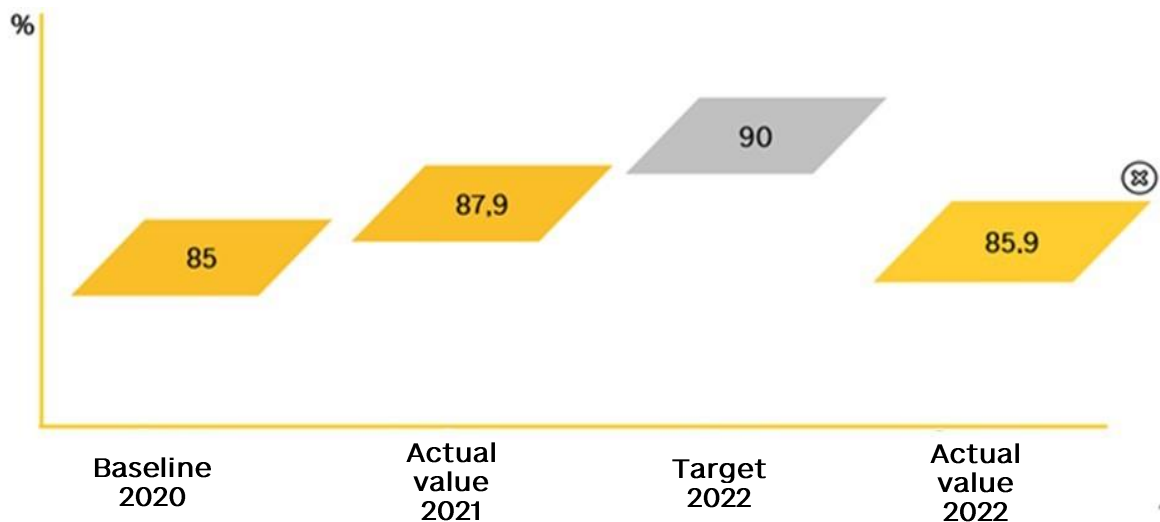


General goal: to strengthen managerial accountability at all levels of the public sector, increase the effectiveness of internal control and internal audit in public authorities.

Progress in achieving the planned results is determined by the following indicators:

- ✓ increasing the rate of implementation of recommendations based on the results of internal audits by public authorities (fully and partially, without taking into account the recommendations for which the deadline has not yet come);
- ✓ increasing the rate of implementation of the recommendations of the central harmonisation unit of the Ministry of Finance by public authorities.

⊗ As of the end of 2022, according to the reports submitted to the Ministry of Finance on operational results of internal audit units of the public authorities, the level of implementation of audit recommendations (without taking into account the recommendations for which the deadline had not yet come) went down and made 85.9% in total.



Rate of implementation of recommendations based on the results of internal audits by public authorities (fully and partially, without taking into account the recommendations for which the deadline has not yet come)

In particular, more than 8.5 thousand recommendations were given following the audits in total, and almost 5.1 thousand were fully or partially implemented. More than 830 recommendations were not implemented (in particular, by their deadline). As for the other audit recommendations, the deadline had not yet come as of the reporting date (almost 2.6 thousand recommendations).



At the same time, in 2022, more than two thousand recommendations given by the internal audits during the previous years were implemented / performed.

Most public authorities, namely the system of seventy-four bodies, ensured achievement of the highest Strategy indicator in terms of the level of implementation of the recommendations (more than 90%); in particular, fifty-nine bodies in the system ensured implementation / performance of all the audit recommendations within the established time frames (100%).

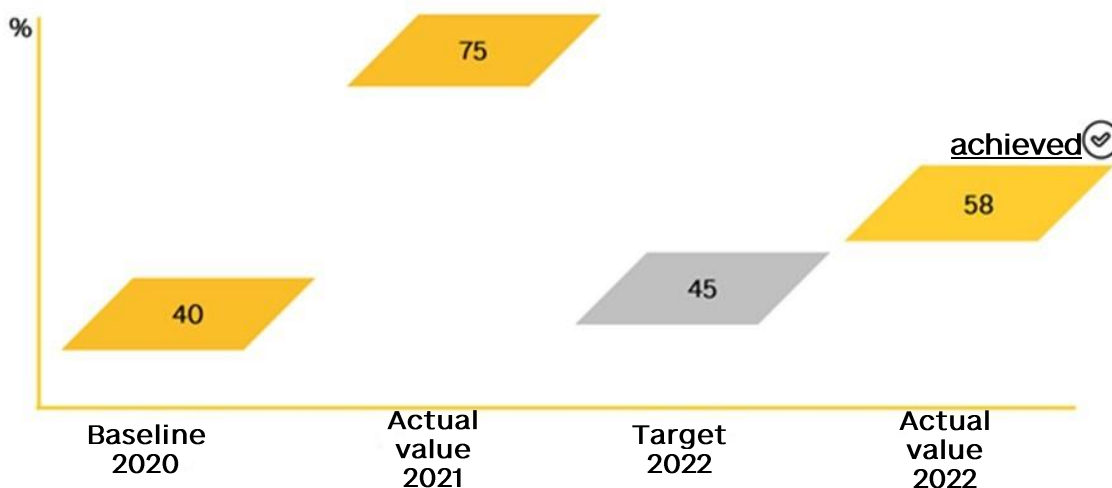
However, that indicator was not achieved in the system of twenty-nine public authorities where the level of implementation of the audit recommendations for 2022 made less than 90%, so control over response to the recommendations given by the internal audits needed to be enhanced (with account of point 139 of the Action Plan for Implementation of the Strategy).

In certain cases, the audit recommendations were not implemented for objective reasons associated with the martial law (in particular, location of enterprises / institutions in the temporarily uncontrolled territory, in the area of active hostilities, disposal of documents, changes in the working schedule and resulting increase in the time necessary to implement recommendations etc.).

✓ As of the end of 2022, the rate of implementation of the recommendations of the central harmonisation unit of the Ministry of Finance by public authorities made 58%, which was 13% higher than the target value²³.

Therefore, the Strategy indicator was achieved in 2022.

²³Calculated as of 20.03.2023 – regarding recommendations based on the results of external quality assessment conducted by the Ministry of Finance, which fully and partially implemented, without taking into account the recommendations for which the deadline had not yet come.



Rate of implementation of the recommendations of the central harmonisation unit of the Ministry of Finance by public authorities

14.1. Implementation of internal control aiming at raising the responsibility of the leaders for management and development of the institution as a whole

During integration of the aspects of internal control into practical activities of spending units:

- the Ministry of Finance in bilateral cooperation with the Ministry of Finance of the Kingdom of the Netherlands and European experts carried out the activity in the State Emergency Service to integrate the aspects of internal control, namely as to risk management matters, and the letter with corresponding proposals was sent to the State Emergency Service (letter of 27.12.2022 No. 33010-07-5/31343);
- the Ministry of Finance together with the European experts carried out the activity in the State Emergency Service to deepen the understanding and perception of aspects of internal control for the purpose of their integration into practical activity with account of the EU practices;
- the State Emergency Service conducted a number of training and awareness-raising activities in its system with participation of managers of the institution, in particular, with account of the information received as a part of improvement of the aspects of internal control by the Ministry of Finance (letter of the State Emergency Service No. 04-410/06 of 06.01.2023);
- the Ministry of Energy informed the Ministry of Finance of the activities conducted to improve the internal control system in its letter No. 26/1.6-18.5-3150 of 23.02.2022.

In order to increase the level of awareness of civil servants of the matters of improving the internal control system, three online training events were conducted in 2022 (05.07, 10-11.08 and 27-28.09) on the main aspects of internal control for the employees of thirty public authorities, with the conceptual framework for internal control considered (planning and control; three management lines; risk management; management responsibility and accountability in the internal control system; place of internal control in inter-institutional relations with subordinated bodies as well as development of internal control in the context of public administration and public finance management reforms).

14.2. Enhancement of effectiveness, capacity and independence of internal audit

The reporting period established the regulatory and organisational framework for introducing national certification of internal auditors. Thus, in order to improve operations of the internal audit units and professional skills of internal auditors, and with account of the best European practices and recommendations given by the international experts in this area, the Cabinet of Ministers of Ukraine adopted Resolution No. 12 of 12.01.2022 «On Introducing Certification of Staff of Internal Audit Units and Amending Resolution of the Cabinet of Ministers of Ukraine No. 1001 of 28 September 2011», which provided for introduction of voluntary free certification of internal auditors from 01.01.2023 as well as possible application of the incentive mechanism to the employees issued the certificate, in form of the multiplying factor in addition to the fixed salary.

In order to regulate the mechanism for certification of staff of internal audit units of the public authorities, the Ministry of Finance developed and approved the Procedure for Certification of Staff of Internal Audit Units (Order of the Ministry of Finance No. 144 of 18.05.2022 registered with the Ministry of Justice on 20.06.2022 under No. 676/38012), established the Certification Commission and approved members thereof (Order of the Ministry of Finance No. 390 of 22.11.2022).

In order to enhance effectiveness and capacity of internal audit, regulatory and methodological framework in that area was improved; in particular, the following was amended:

- Procedure for Internal Auditing approved by Resolution of the Government of Ukraine No. 12 of 12.01.2022, in order to specify the criteria for determining the headcount of internal audit units and improve approaches to development of internal audit plans;
- Internal Audit Standards approved by Order of the Ministry of Finance No. 147 of 24.05.2022, in order to improve internal audit planning;
- forms on reports on operational results of the internal audit unit approved by Order of the Ministry of Finance No. 218 of 28.07.2022, in order to improve information content of such reports.

With a view to assisting and supporting the ministries and other public authorities in the field of introduction of audit committees, the guide «Audit Committees: Fundamental Concepts» was prepared. Moreover, the Guidelines on Internal Audit in the Public Sector of Ukraine, including the Programme for Professional Development of Internal Auditors in the Public Sector of Ukraine and a number of other internal audit guides, were updated.

In pursuance of the Programme for Professional Development of Internal Auditors, four training events were organised and held in 2022; in total, 297 managers and employees of the internal audit units attended those events.

Moreover, forty employees of the internal audit units of the State Service of Ukraine on Food Safety and Consumer Protection and its territorial bodies were trained.

Also, the special professional (certificate) programme and three special short-term advanced training programmes were prepared during the reporting year for staff of the internal audit units of the public authorities, which were approved by Orders of the Ministry of Finance No. 155 of 01.06.2022 and No. 393 of 16.11.2022.

In 2023, functioning of the internal audit systems was assessed, and recommendations on their development and improvement were given. In particular, four assessments of functioning of the internal audit systems (external quality assessment of the internal audit) were carried out in the State Ecological Inspectorate of Ukraine, the State Service of Export Control of Ukraine, the State Service of Ukraine on Medicines and Drugs Control, and the State Service of Ukraine for Transport Safety. A number of violations, defects and gaps in internal audit activities were detected during the external quality controls, and respective recommendations were prepared for the public authorities in order to improve their internal audit activities. Moreover, assessment of functioning of the internal audit system in the National Health Service of Ukraine was organised and commenced during the reporting period.

In 2022, the Ministry of Finance analysed functioning of internal control and internal audit in the public authorities (ministries, other central executive authorities, oblast and Kyiv city state administrations, other main spending units) for 2021. In particular, it analysed the reports on organisation and implementation of internal control received from 118 public authorities by elements as well as reports (or information) on operational results of the internal audit units of 125 public authorities.

As a result of the analysis, information on the principal tendencies of functioning of the public internal financial control was prepared and sent to the Cabinet of Ministers of Ukraine. for 2021 as well as proposals on organisation and implementation of internal control and internal audit during the martial law were prepared and sent to the Cabinet of Ministers of Ukraine. After that letter had been considered, the Government of Ukraine instructed the public authorities to ensure adequate organisation of internal control and internal audit, to take measures to eliminate and prevent recurrence of defects (instruction No. 8228/1/1-22 of 28.04.2022).

Owing to the measures taken during the reporting period, further progress in development of internal audit in the public authorities was reached.

In particular, in 2022, in pursuance of the Strategy and with account of the recommendations given by the Ministry of Finance, the public authorities took measures to enhance the organisational and functional independence of the internal audit units.

Thus, according to the reports, organisational independence was ensured (in particular, with the independent status of the unit and subordination thereof directly to the head of the authority / institution) in the system of CEA – 257 internal audit units (or 97.3%), in the system of OSAS – 80 internal audit units (or 78.4%), and in the system of MSU – 27 internal audit units (or 90%). Moreover, all the internal audit units that operate as a part of public authorities (except for some cases in the system of other MSU) are independent in organisational terms.

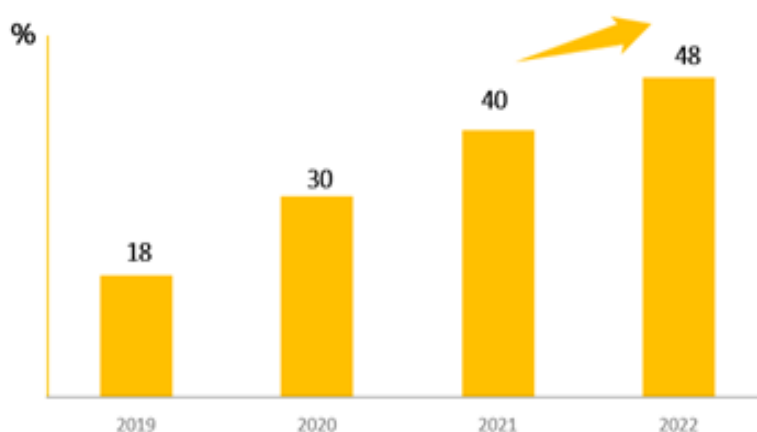
The quantity of violations of the requirements for functional independence in terms of imposition of functions not associated with internal audit upon the internal audit units in 2022 kept going down in comparison with the previous years (it was reduced by more than 25%).

Also, the positive trend of the declining quantity of different controls not associated with internal audit by the internal audit units persisted during the reporting year (in particular, the quantity of such cases went down by almost 30%). In certain cases, internal auditors were involved into the

above-mentioned tasks directly not associated with internal audit due to the need to promptly resolve certain operational issues of the authorities in the context of the legal regime of martial law.

In 2022, the public authorities kept taking measures to change the priorities during internal audits and to gradually increase the quantity / share of internal audits aiming at systemic analysis and performance evaluation of the internal control system, discharge of duties and functions, planning and implementation of budget programmes, quality of administrative services, progress and achievement of goals.

Therefore, the reporting year continued the tendency of the growing share of planning of internal performance assessment audits.



In particular, the share of such audits in the total number of the planned ones made 48% in 2022, 40% in 2021, 30% in 2020, and 18% in 2019.

14.3. Building institutional capacity of the central harmonisation department of Ministry of Finance

In 2022, the measures were taken to keep building institutional capacity of the central harmonisation department.

In order to exchange information, best practices and experience in the field of PIFC, cooperation with the international partners continued; in particular, they were the National Academy for Finance and Economics of the Ministry of Finance of the Kingdom of the Netherlands, experts of EU4PFM Project etc.

In particular, the webinar «New approaches and trends in internal audit development» for seventeen employees of the Ministry of Finance as well as fourteen work meetings with representatives of the National Academy for Finance and Economics of the Ministry of Finance of the Kingdom of the Netherlands where matters of further development of public internal financial control in Ukraine were discussed were held during the reporting period in cooperation with the Ministry of Finance of the Kingdom of the Netherlands.

Also, the prospects of further development of public internal financial control in Ukraine and directions of bilateral cooperation were discussed at the work meetings with the experts of EU4PFM Project, in particular, in terms of training on PIFC, creation of the interactive PIFC portal etc.

Moreover, all the employees of the Department for Harmonisation of Public Internal Financial Control of the Ministry of Finance (seventeen persons) keep improving their qualifications all the time by participating in various training

activities, conferences etc. In particular, in 2022, the employees of the Department took part in the following:

- plenary meeting of the PEM PAL Internal Audit COP and PEM PAL video conference «Experience sharing: Audit Committees in the Public Sector»;
- conference of the European Confederation of Institutes of Internal Auditing (ECIIA) «Internal Audit in a world of transition»;
- training on Public Finance Management in the Kyiv School of Economics;
- summer course on public finance management held by the National Academy for Finance and Economics of the Ministry of Finance of the Kingdom of the Netherlands;
- trainings at the Centre of Excellence in Finance (CEF, Slovenia) on the following themes: «The Role of Central Harmonization Units in PFM Reforms», «Update on Auditing Risk Management», «Risk Management Beyond Theory», and on IT audit;
- training «Practical Aspects of Introduction of Data Analysis, Sample Analytical Tests and Tools» held by the Institute of Internal Auditors;
- webinars by PwC Academy on the following themes: «Internal audit: how to overcome stereotyped thinking and mental traps», «International CIA Qualification "Certified Internal Auditor"», «Optimising finance in crisis» etc.

15. Public financial control



General goal: to improve the system of public financial control, which will promote effective public administration, detect and prevent violations of the law and inefficient use of financial and material resources at the national and local levels.

Progress in achieving the planned results is determined by the following indicators:

✓ **increasing the number of inspections detecting loss of financial resources in the total number of inspections carried out on the basis of risk-oriented selection.**

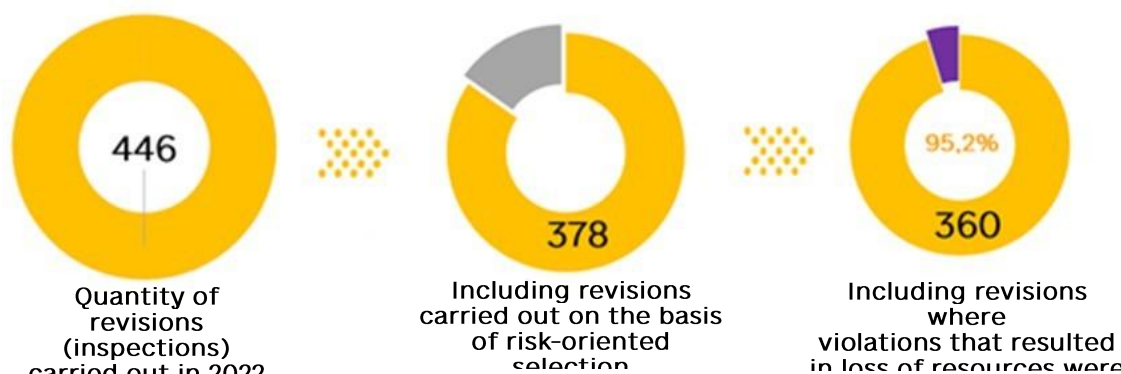
In 2022, the Cabinet of Ministers of Ukraine developed and adopted the legal and normative acts on improving the procedure for inspection by the bodies of the State Audit Service. Also, the organisational and methodological foundations of public financial control over the resources of local budgets were improved.

☑ As of the end of the reporting year, the share of inspections detecting loss of financial resources in the total number of inspections carried out on the basis of risk-oriented selection made 95.2%, which was 15.2% more than the target value.



Share of inspections detecting loss of financial resources in the total number of inspections carried out on the basis of risk-oriented selection

In total, in 2022, the bodies of the State Audit Service conducted 446 revisions, including 378 scheduled revisions (inspections) carried out on the basis of risk-oriented selection.



Such revisions detected 360 violations that had resulted in loss of resources.

15.1. Stepping up public financial control in the spheres exposed to major risks

During the reporting year, Resolution of the Cabinet of Ministers of Ukraine No. 1123 of 08.10.2022 «On Amending the Procedure for Inspections by the State Audit Service and Its Inter-Regional Territorial Bodies» was adopted. The Resolution elaborated the matters of organising and conducting revisions, amended execution of findings of the revision, and supplemented the Procedure with two new sections: «Special Aspects of Revision at Control Objects Including Standalone Units without a Status of the Legal Entity» and «Special Aspects of Making Documents in Electronic Form and Conducting Revisions Based on Documents in Electronic Form».

Also, on 04.11.2022, Resolution of the Cabinet of Ministers of Ukraine No. 1237 «On Amending Certain Resolutions of the Cabinet of Ministers of Ukraine on Operations of the Bodies of Public Financial Control» was adopted.

During the reporting year, the State Audit Service studied the best international practices of risk-oriented selection of subordinated institutions to plan inspections. The representatives of the State Audit Service took part in the training on Violation and Fraud Risk Management organised by

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in pursuance of the goals of public administration reforms.

The work to develop and approve the document on risk-oriented selection will be resumed after the activities are financed within the National Programme for Informatisation to develop functions of the IASSDM «E-Auditor», to carry out integration into corresponding IT systems and to test risk indicators and relevant weight factors.

15.2. Ensuring effective interagency cooperation in exercise of financial control

The State Audit Service sent its letter to the Accounting Chamber on 17.06.2022 under No. 002200-11/4349-2022 with the draft Cooperation Agreement between the Accounting Chamber and the State Audit Service of Ukraine in order to agree upon and organise the conclusion procedure²⁴.

15.3. Enhancement of the SAS bodies' institutional capacity at the central, regional and local levels

In order to improve the organisational and methodological framework for public financial control, Order of the State Audit Service No. 317 of 29.12.2022 approved the Guidelines on the State Audit Service and Its Inter-Regional Territorial Bodies Conducting Some Public Financial Audits, which are applied during public financial audits: implementation of budget programmes; state (regional) targeted programmes; local budgets; activities of economic operators; public financial audit of the Pension Fund of Ukraine, mandatory state social insurance funds.

Also, Order of the State Audit Service No. 233 of 30.09.2022 approved the Guidelines on the State Audit Service and Its Inter-Regional Territorial Bodies Conducting the Public Financial Audit of Use of Information Technologies, which without limitation approved sample check lists to comply with ISO/IEC 27001 «Information security, cybersecurity and privacy protection. Information security management systems. Requirements» and other documents on information security, the check list «Forms for enhanced examination of the IT environment and IT systems», the sample check list to check software purchase (development) conditions.

16. Independent external financial control (audit)



General goal: to strengthen the role and increase the effectiveness of external financial control in accordance with INTOSAI standards.

Progress in achieving the planned results is determined by the following indicators:

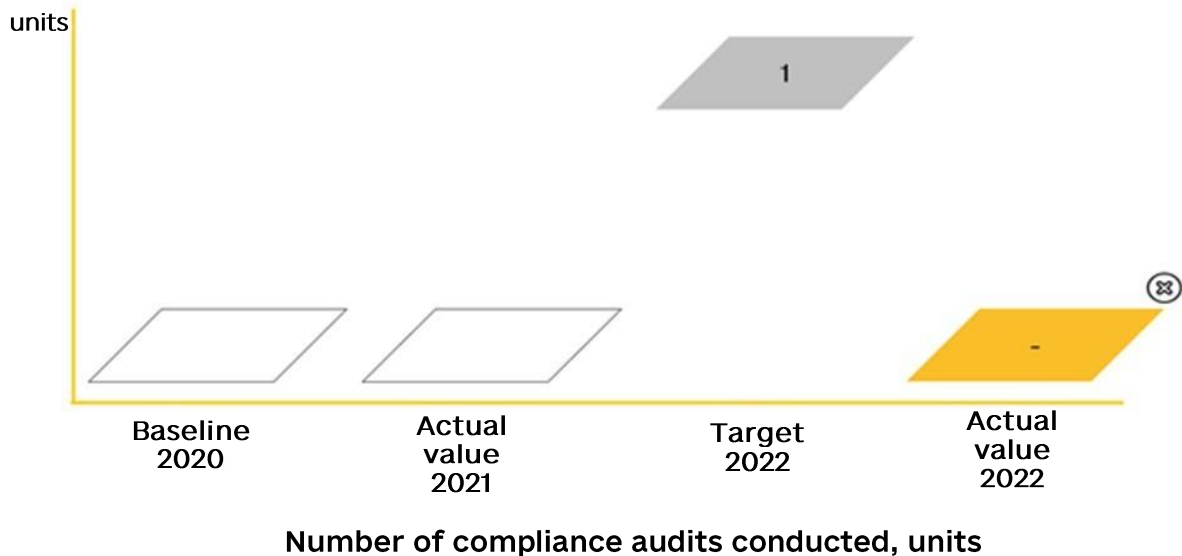
- ✓ **increasing the number of compliance audits conducted;**
- ✓ **score for the indicator PI31 «Legislative scrutiny of audit reports» under dimension 31.2 «Hearings on audit findings» of the PFM Assessment Report (PEFA);**
- ✓ **score for the indicator PI31 «Legislative scrutiny of audit reports» under dimension 31.3 «Audit recommendations by the legislature» of the PFM Assessment Report (PEFA).**

²⁴ On 17.05.2023, the meeting was held between the heads of the State Audit Service and the Accounting Chamber to determine / clarify the areas of cooperation. The experts of EU4ACU Project presented the study findings on possible interaction between these bodies. The work meetings are now continued to modify clauses of the Cooperation Agreement with the support of EU4ACU Project.

Achievement of the goal set by this Strategy is closely connected with implementation of the Strategy of the Accounting Chamber for 2019-2024, a number of activities from which were not fully performed in 2022 due to the full-scale aggression of the Russian Federation against Ukraine.

In total, out of sixty-three tasks planned by the Strategy of the Accounting Chamber for 2019-2024, eleven tasks were fully performed, and forty-three were partially performed. Nine tasks failed to be performed.

⊗ Also, the target values of the Strategy were not reached. At the end of 2022, achievement of the results in the field «Independent external financial control» of the Strategy is determined with the indicator «number of compliance audits conducted, units». The target set for 2022 is one.



In 2022, the target value of the Strategy indicator was not achieved since compliance audits can be conducted after the Law of Ukraine «On the Accounting Chamber» is amended, and applicable guidelines are approved by the Accounting Chamber.

A delay in reaching the indicator «number of compliance audits conducted, units» was caused by slower development of documents in the first half of 2022 together with the experts of EU4ACU Project as a result of active hostilities of the Russian Federation in Ukraine.

ⓘ The target values of the indicators «Score for the indicator PI31 «Legislative scrutiny of audit reports» under dimension 31.2 «Hearings on audit findings» of the PFM Assessment Report (PEFA)» and «Score for the indicator PI31 «Legislative scrutiny of audit reports» under dimension 31.3 «Audit recommendations by the legislature» of the PFM Assessment Report (PEFA)» are set by the Strategy for 2025. So these indicators are not to be assessed in 2022.

16.1. Maximum approximation of audit methodology and practices to INTOSAI standards

During the reporting period, the updated version of the Guide on Financial Audit and the Procedure for Financial Audit by the Accounting Chamber were

developed and approved by Resolution of the Accounting Chamber No. 27-4 of 22.12.2022²⁵.

These documents will help maintain the high quality of financial audits conducted by the Accounting Chamber.

Also, in 2022, in pursuance of EU4ACU Project implemented in the Accounting Chamber, the latter performed the work to draft the Guide on Compliance Audits and the Procedure for Compliance Audit by the Accounting Chamber based on the ISSAI requirements.

Those guidelines were furnished to the members of the Accounting Chamber for consideration and further approval at the meeting of the Accounting Chamber.

In order to enable the officials of the Accounting Chamber to obtain knowledge and practical skills of compliance audits in accordance with the requirements of the international standards, the project experts prepared the Programme of the Compliance Audit Training and Guidelines on such training for the officials of the Accounting Chamber. The training covers all the stages of a compliance audit: planning, auditing, reporting on audit findings, and controlling implementation of recommendations. The theoretical material was based on the requirements of ISSAI standards and with account of the best practices. Necessary skills are going to be obtained by processing provisional cases approximated to the Ukrainian reality. Candidates for the position of compliance audit trainers of the Accounting Chamber were selected for the training.

The working group was established by Order of the head of the Accounting Chamber No. 64 of 23.12.2022 within EU4ACU Project in order to develop the methodology for auditing the consolidated financial statement (with account of the updated financial audit methodology). The corresponding methodology is going to be developed in 2023.

The methodology for auditing consolidated reporting developed and approved in 2023 is planned to be applied during pilot financial audits of consolidated financial reports by the Accounting Chamber; some of them will involve potential IT auditors.

16.2. Enhancement of the advisory (expert) role of the Accounting Chamber as the highest audit body in Ukraine

The activities in this field are scheduled for 2024.

17. Budget transparency and public participation in budgeting



General goal: to increase the transparency and accessibility of budget information and increase of opportunities for its analysis.

Progress in achieving the planned results is determined by the following indicator:

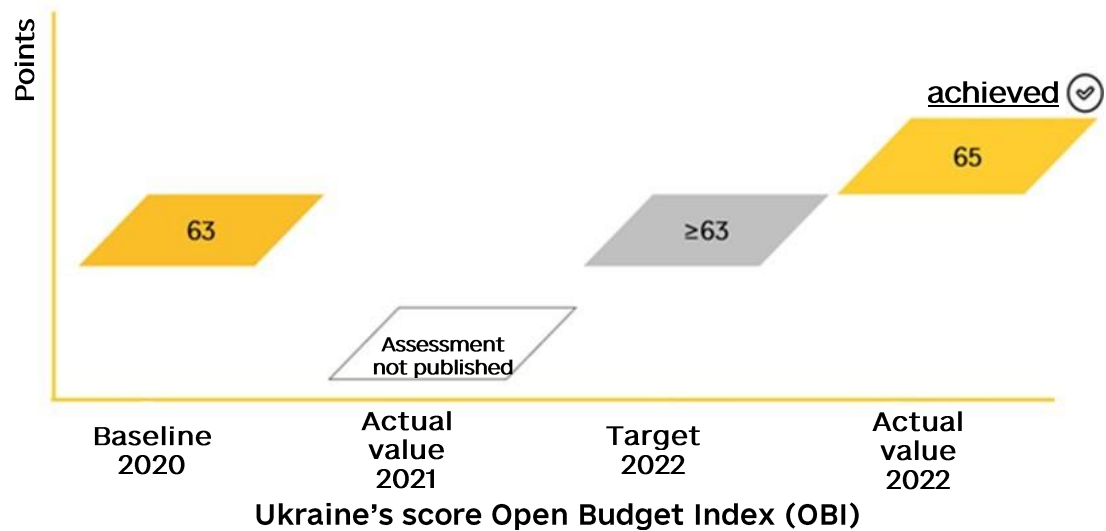
✓ **increasing Ukraine's score Open Budget Index.**

²⁵ Financial audit of the project "Programme for Accelerating Private Investment into Agriculture" was completed in 2023 based on the new methodology, and the report on its findings will be considered during quarter II of 2023.

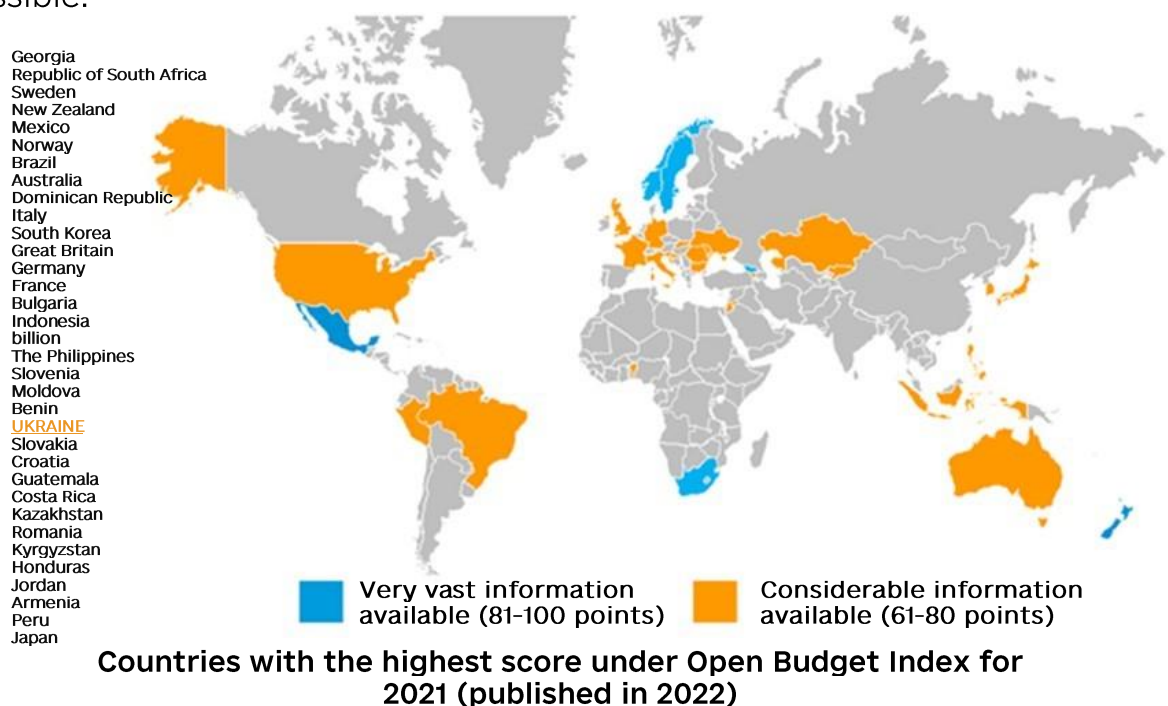
In connection with the military aggression of the Russian Federation against Ukraine and according to Law of Ukraine No. 2134-IX of 15.03.2022 «On Amending Section VI 'Final and Transitional Provisions' of the Budget Code of Ukraine and Other Legislative Acts of Ukraine», the rules of Article 28(5) of the Budget Code of Ukraine (regarding publication of information on the budget) shall not be applied during the martial law.

Therefore, some of the information at the State Open Budget Web Portal (openbudget.gov.ua) and the United Web-Portal on Public Spending (spending.gov.ua) has been temporarily unavailable to the public since March 2022.

At the same time, the work of the Ministry of Finance and other public authorities in the field of public finance transparency and public access to information on the budget has resulted in improvement of Ukraine's score in the Open Budget Index ranking, which is calculated and published by the experts of International Budget Partnership every two years.



In May 2022, the OBI score for 2021 was made public, and Ukraine improved its rank in comparison with OBI score of 2019 and got 65 points out of 100 possible.



Thus, Ukraine went up from the 26th to the 23rd position among 120 countries and took hold on the list of the countries with access to material information (61-80 points).

17.1. Ensuring compliance with international standards on budget transparency

According to Open Budget Index 2021 made public in 2022, Ukraine belongs to the group of the countries with access to material information.

Also, Ukraine ranked second in 2022 by the criterion of open data maturity at the level of 97%.

Public access to all the public information in form of open data, namely data on how spending units and recipients use public funds from the state and local budgets, will be resumed after the martial law is over²⁶.

In order to ensure that the local state administrations and executive bodies of the corresponding local councils comply with the rules of Article 28 of the Budget Code of Ukraine (which have been suspended for the period of martial law, as it has been mentioned above) regarding publication of the local budget forecast, a draft decision on the local budget, a decision on the local budget, information on execution of the local budget, the Ministry of Finance has made it possible to make public the budget documents uploaded into the IAS «LOGICA» at the State Open Budget Web Portal (openbudget.gov.ua).

This function has been available since 01.01.2022 to all the participants of the budget process that use the software interacting with the IAS «LOGICA» via the open API.

With a view to raising the level of public awareness of operation of the State Open Budget Web Portal, the international technical assistance project (programme) of the German Agency for International Cooperation (GIZ) GmbH in Ukraine “Effective Public Finance Management III” and the State Institution “Open Public Finance”, which is a recipient in this international technical assistance programme and a technical administrator of the State Open Budget Web Portal, organised creation of five promotional videos on E-Data Platform, including on openbudget.gov.ua. The content and design of images to promote E-Data Platform and its portals on social and mass media were developed.

Also, the User Guide on the State Open Budget Web Portal was developed together with the State Institution “Open Public Finance”. Ten public online events and online trainings were held to raise awareness of E-Data Platform. The online training course was developed and made public at Prometheus platform: “E-Data: opportunities and effective public finance control”.

²⁶ In order to increase the level of transparency and accountability in public finance management and, in particular, to enhance the mechanisms for public control over spending of budget funds by the spending units, the State Open Budget Web Portal (openbudget.gov.ua) and the United Web-Portal on Public Spending (spending.gov.ua) have been established.

Openbudget has been created to make public budget indicators in the convenient format in different analytical terms and to make the public aware of the principal goals, tasks and priority directions of the budget policy.

Spending is an official state web-portal that contains open data on how spending units and recipients use public funds from the state and local budgets. It gives the public access to information on how public funds are used by the spending units and recipients of funds from the state and local budgets, state-owned and communal economic operators, the Pension Fund of Ukraine and the compulsory state social insurance funds.

Both web-portals are a part of the open data public finance platform E-Data.

17.2. Ensuring openness and accessibility of information on the local budgets

The software «Module to collect and display information on local budget indicators and main spending units of local budgets» of the integrated information and analytical system «Transparent Budget», which covers information on how local budgets are planned and used and makes public indicators of local budgets and main spending units of local budgets, has been developed in this direction of the Strategy. The web-portal (<https://openbudget.gov.ua>) also displays the Treasury's information on local budget execution based on monthly, quarterly and annual results. The application program interface (API) of the web-portal ensures uploading of data on local budget indicators and main spending units of local budgets and supports the function of data downloading by third-party information systems.

8. Information technologies in public finance management

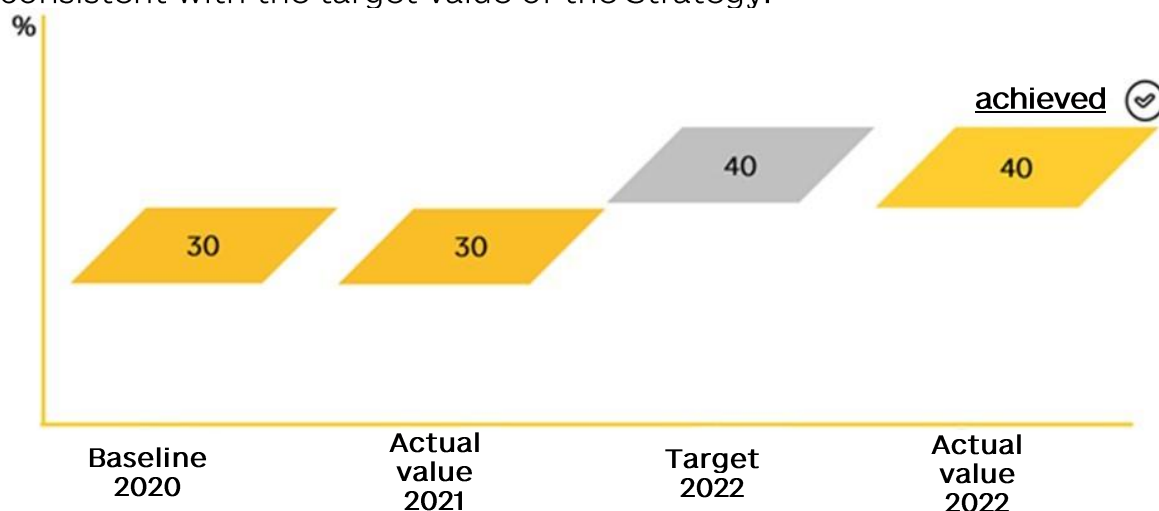


General purpose: to build a modern and effective information technology management system with a view to ensuring the support and further digital development of an effective and transparent public finance management system.

Progress in achieving the planned results is determined by the following indicator:

✓ **increasing the proportion of regulated information flows shared among the Ministry of Finance and other central executive authorities whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance of Ukraine, in total number of such flows.**

☑ In 2022, the proportion of regulated information flows shared among the Ministry of Finance and other CEAs whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance of Ukraine, in total number of such flows exceeded 40%, which was consistent with the target value of the Strategy.



Proportion of regulated information flows shared among the Ministry of Finance and other central executive authorities whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance of Ukraine, in total number of such flows

The specification of interaction between the information systems of the Ministry of Finance and the Treasury via the information interaction service of 21.02.2022 was developed in order to regulate information flows during the reporting year.

The following orders of the Ministry of Finance were issued:

- No. 145 of 20.05.2022 «On Approval of the Amendments to the Format of and Regulation on Information Exchange between the Ministry of Finance of Ukraine and the State Treasury Service of Ukraine»;
- No. 423 of 09.12.2022 «On Approval of the Amendments to the Format of and Regulation on Information Exchange between the Ministry of Finance of Ukraine and the State Treasury Service of Ukraine»;
- No. 187 of 30.06.2022 «On Approval of the Amendments to the Procedure of Information Exchange between the Ministry of Finance of Ukraine and Participants of the Budget Process at the Local Level».

Moreover, amendments were made to Order of the Ministry of Finance No. 373 of 11.03.2008 (by Orders No. 136 of 10.05.2022, No. 190 of 04.07.2022 and No. 299 of 26.09.2022).

Also, the guidelines on organisation and preparation of indicators by the network, staffing plan and work force of the institutions financed from local budgets of the oblasts and city of Kyiv in LOGICA Information and Analytical System for Management of Local Budget Planning and Implementation of 28.07.2022 were developed, and supplemental agreement No. 1 of 19.09.2022 to Agreement No. 10/13110-05/328 on Information Exchange between the State Statistics Service and the Ministry of Finance of 04.06.2021 was concluded.

The activities in the directions specified in the component «Information technologies in public finance management» are carried out in pursuance of 2025 Strategy for Digital Development, Digital Transformation and Digitisation of Public Finance Management as approved by the Ordinance of the Cabinet of Ministers of Ukraine No. 1467 of 17.11.2021.

The priorities for 2023 include completion of the principal works to develop the IT system for budget implementation planning and monitoring with the support of EU4PFM Project, and development of the integrated IT platform for public sector accounting.

19. Development of human resource management in public finance

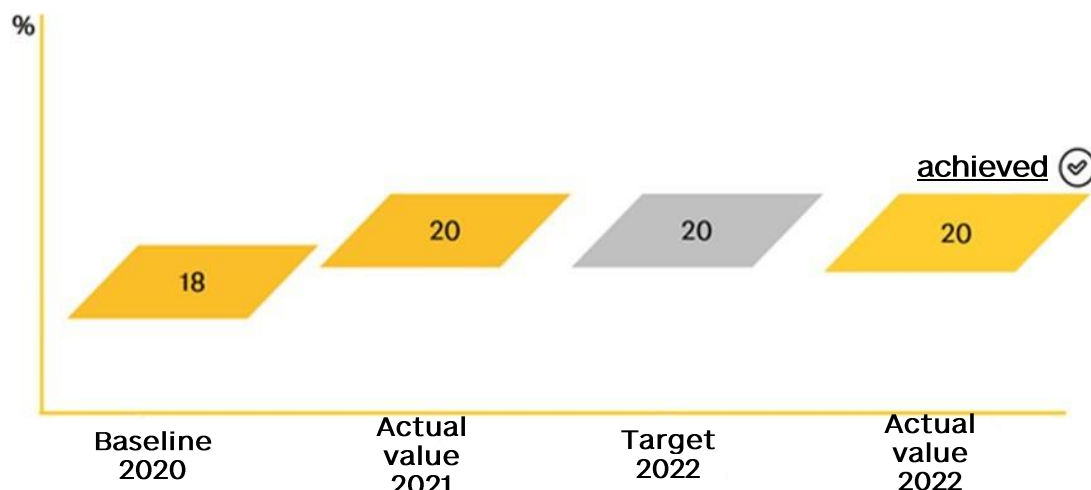


General goal: strengthening the human capacity with a view to effective formulation and implementation of public policy in the sphere of public finance.

Progress in achieving the planned results is determined by the following indicator:

✓ **increasing the proportion of civil servants who have increased their professional competences in the total number of civil servants of the Ministry of Finance.**

☑ In 2022, the proportion of civil servants who have increased their professional competences in the total number of civil servants of the Ministry of Finance made 20%, which is consistent with the target value.



Proportion of civil servants who have increased their professional competences in the total number of civil servants of the Ministry of Finance of Ukraine

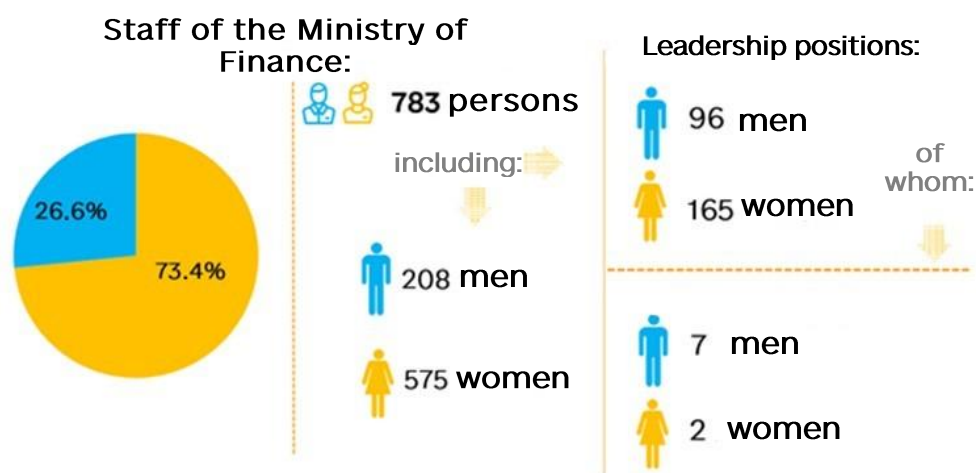
In total, during the reporting year, the advanced training programme was completed by 247 civil servants of the Ministry of Finance of category B and 321 civil servants of the Ministry of Finance of category C.

Also, 100% of the staff of the Ministry of Finance educated themselves in 2022.

The most relevant types of professional training for the specialists of the Ministry of Finance were themed short-term workshops and professional advanced training programmes that correlated with such professional competences as professional knowledge, digital literacy, perception of changes. The following themes were popular: European and Euro-Atlantic integration of Ukraine, digital security, financial risk management, perception of changes and innovation, reforms in Ukraine etc.

19.1. Implementation of the strategic approach and improvement of efficiency of human resource management in public finance

In 2022, the number of women holding leadership positions in Ministry of Finance was increased by 1%.



In total, as of 31.12.2022, the staff of the Ministry of Finance was 783 persons (575 women and 208 men).

Moreover, as of 31.12.2022, the leadership positions were held by 165 women and 96 men.

In 2022, 251 employees of the Ministry of Finance took part in the survey to determine the level of emotional involvement, satisfaction with civil service conditions and needs for professional development of the staff. When surveyed, more than 60% of the respondents mentioned growing support by their colleagues and manager during the martial law. 88% of the respondents feel that they have the strength to keep working. However, almost 46% of the surveyed noted that the work load was growing. 63% of the respondents were the civil servants who had been working for the Ministry of Finance for more than five years.

The anonymous survey of the staff via Google Forms was conducted in the State Audit Service in September 2022 in order to study the level of satisfaction with civil service conditions, interest of the staff in outcome of their labour and achievement of strategic goals. 341 persons, which was 76% of the actual staff of the State Audit Service as of 01.09.2022, took part in the survey.

The survey was conducted in the State Customs Service from 23.12.2021 until 21.01.2022 with a view to establishing the level of involvement of the staff of the State Customs Service and its territorial bodies. 3,670 officials of the customs authorities took part in the survey. Also, the pulse survey was conducted in quarter III of 2022 (12-22.09.2022) to examine individual aspects of involvement of the staff of the State Customs Service (central administrative office and territorial bodies). 4,252 officials, which made 41.6% of the actual headcount, took part in the survey. The consolidated information is submitted to the heads of the State Customs Service.

In order to develop the document on corporate culture, in 2022, the STS created the questionnaire (feedback form) and organised the survey of staff of the STS. Moreover, the newly-appointed employees of the STS bodies were surveyed regarding the adaptation process.

Also, the employees of the Treasury took part in the survey in 2022 regarding the following:

- quality, efficiency and level of organisation of the main work processes and ways of their possible optimisation in the public authorities;
- level of satisfaction with civil service conditions in terms of consideration of the principle of equal rights and opportunities for women and men in the human resource policy;
- special aspects of organisation of work and labour of remuneration for civil servants during the martial law;
- progress and outcome of reforms in the system for professional training of civil servants during the martial law.

19.2. Improving professional competence of financial system staff

Ordinance of the Cabinet of Ministers of Ukraine No. 1202-p of 06.10.2021 «On Establishing the State Tax University» and Order of the Ministry of Finance No. 574 of 01.11.2021 «Certain Matters of Establishing the State Tax University» ensured establishment of the State Tax University subordinated to the Ministry of Finance.

Order of the State Tax University No. 667 of 09.08.2022 put into effect the Strategy for Developing the State Tax University for 2022-2027.

Moreover, the higher educational establishment was relocated from the city of Irpin affected by the hostilities by Order of the State Tax University No. 249 of 05.03.2022.

In accordance with the Memorandum of Implementation of Dual Education Elements of 20.06.2019 between the German Agency for International Cooperation (GIZ), the University of the State Fiscal Service of Ukraine, the Charitable Foundation «Kyiv School of Economics» (KSE), the State Tax Service of Ukraine at the Main Directorate of the STS in Kyiv, there is a project «Dual education: new form of staff training for the STS bodies». During the project, sixty students were hired by the Main Directorate of the STS in Kyiv on a competitive basis: forty-seven students from the State Tax University and thirteen students from the Kyiv National Economic University.

At the same time, in 2022, the State Tax University started dual training at the educational programme «State audit; forensic economic expert examination in financial investigations» with the speciality «Accounting and taxation». Forty persons were admitted to obtain higher education by the governmental order in 2022.

The total number of the persons who started dual training to obtain higher education in 2019–2022 in the State Tax University made 103 persons as of 01.09.2022.

OVERVIEW OF PROGRESS IN IMPLEMENTATION AND ACHIEVEMENT OF THE STRATEGY INDICATORS

I. COMPLIANCE WITH GENERAL FISCAL DISCIPLINE IN THE MEDIUM-TERM PERSPECTIVE:

ACTIVITIES 50*



13 completed
in 2022

*9 with the due
date in 2023-2025

INDICATORS 10*

5 achieved in 2022



1 indicator cannot be calculated now
(as Doing Business ranking has been suspended)

II. IMPROVING THE EFFICIENCY OF RESOURCE ALLOCATION AT THE LEVEL OF FORMATION OF THE STATE POLICY:

ACTIVITIES 60*



14
completed
in 2022

*18 with the due
date in 2023-2025

INDICATORS 9*

1 achieved in 2022



*5 indicators are not to be assessed
in 2022 or cannot be calculated*

(as the target values in the Strategy are not
established for 2022 (determined from the
later period) as well as due to circumstances
of the war time)

III. ENSURING EFFECTIVE EXECUTION OF THE STATE AND LOCAL BUDGETS:

ACTIVITIES 46*



16
completed
in 2022

*16 with the due
date in 2023-2025

INDICATORS 14*

4 achieved in 2022



*4 indicators are not to be assessed
in 2022 or cannot be calculated*

(as the target values in the Strategy are not
established for 2022 (determined from the later
period) as well as due to circumstances of the
war time)

IV. ENHANCING TRANSPARENCY AND ACCOUNTABILITY IN PUBLIC FINANCE MANAGEMENT:

ACTIVITIES 7*



2 completed
in 2022

2* with the due date
in 2023-2024*

INDICATORS 2

2 achieved in 2022



V. DEVELOPMENT OF HUMAN RESOURCE MANAGEMENT IN PUBLIC FINANCE:

ACTIVITIES 8*



5 completed
in 2022

1* with the due
date in 2023

INDICATORS 1

1 achieved in 2022



ANNEX 1. PROGRESS IN ACHIEVING THE STRATEGY INDICATORS IN 2022

Indicator of the result	Target value 2022	Actual value 2022	Progress in achieving
I. COMPLIANCE WITH GENERAL FISCAL DISCIPLINE IN THE MEDIUM-TERM PERSPECTIVE			
1. Taxation system			
Share of court cases on tax disputes resolved by courts in favour of STS in the total number of lawsuits considered by courts of various instances, %	51.9	71.4	Achieved.
Level of taxpayers' satisfaction with the services rendered by STS according to the results of periodic surveys, points (on a six-point scale) or %	4.44 or 74	5.05	Achieved.
Time spent by a taxpayer on submitting reports and paying taxes, hours per year	295	-	It cannot be assessed since this indicator is calculated based on Doing Business ranking, which has been suspended.
2. Customs system			
Time costs for entities engaged in foreign economic activities associated with the customs procedures (average time of customs clearance of goods for which the Automated Risk Assessment and Management System (ARAMS) did not generate a list of customs formalities) in the regime of:			Not achieved. Failure to achieve the target was caused by the martial law as well as rules of the effective legislation (delays in customs clearance of goods were caused without limitation by the air raid alert in the territory of operations of the customs authority; electric power cut; carrying capacity of checkpoints in connection with changes in the logistic routes of delivery of goods to Ukraine; performance of the binding customs formalities determined following application of the automated risk management system by officials of the customs authorities etc.).
export, minutes	45	49	Not achieved.
import, minutes	89	110	Not achieved.
transit, minutes	30	36	Not achieved.
3. Management of fiscal risks and public assets			
Representation of fiscal risks that materialised in the register of fiscal risks, %	100	87	Not achieved. In particular, failure to achieve the target value is explained by uncertainty about duration and effects of the hostilities as well as lack of complete current statistical information. High uncertainty about macroeconomic forecasts

			and lack of the full volume of statistical information during the war result in low relevance of assessment of impact of macroeconomic indicator deviations upon the state budget.
Deviation between actual and planned indicators of revenues as part of net profit, and state budget dividends due to the materialisation of fiscal risks, %	5	3.5	Achieved.
4. Debt management			
Ratio of public debt to gross domestic product, %	51	71.6	Not achieved. Deviation of the actual value for 2022 from the target was caused by the impact of the war upon public finance since the Strategy targets, including the ones for the public debt level, had been set before the start of the full-scale hostilities.
Share of long-term concessional financing incoming from IFIs and foreign countries for the implementation of investment projects in the total amount of public debt, %	6.5	6.6	Achieved.
5. Liquidity management			
The ratio of the total of the monthly forecasts' absolute deviations to the amounts of outflows from the single treasury account, %	6	11.1	Not achieved. Failure to achieve the target in 2022 was preconditioned by the material volatility of the resource part of the budget during the war and difficulty assessing the volumes of unpredictable expenditures as well as adjournment of implementation of Resolution of the Government No. 970 of 30.08.2022 until termination of the martial law.
Ratio of budget debt to actual expenditures of the general fund of the state budget, %	3	0.4	Achieved.
II. IMPROVING THE EFFICIENCY OF RESOURCE ALLOCATION AT THE LEVEL OF FORMATION OF THE STATE POLICY			
6. Macroeconomic and budgetary forecasting and strategic planning			
Proportion of the main spending units that annually update and publish their action plans for the medium term, %	50	-	Suspension of medium-term budget planning as well as for the other reasons associated with the military aggression of the Russian Federation against Ukraine, it is impossible to

			objectively assess achievement of the indicators in 2022.
Proportion of the main spending units that annually present to public their progress reports as regards implementation of their action plans for the medium term, %	50	-	Suspension of medium-term budget planning as well as for the other reasons associated with the military aggression of the Russian Federation against Ukraine, it is impossible to objectively assess achievement of the indicators in 2022.
Deviation between forecast and actual indicators of nominal gross domestic product, %	4	-3.3	Achieved.
Deviation between forecast and actual indicators of tax revenues of the consolidated budget, %	4	-16.6	Not achieved. The target value of the indicator has not been achieved due to a decrease in tax revenues of budgets of all levels during the war. Most industrial enterprises in the East and South of Ukraine suffered large-scale destruction of their production complexes. Business activities in many Ukrainian territories were suspended or relocated, with a decrease in production. Also, the tax measures, which also influenced tax proceeds, were introduced in 2022 in connection with the need to support the Ukrainian business community.
7. Medium-term budget planning			
Deviation of budget indicators provided by the Budget Declaration for the planned year from the respective indicators approved by the previous year's Budget Declaration, %	-	-	This indicator is not to be assessed in 2022. The target value of the indicator is set by the Strategy starting from 2023.
8. Programme-based budgeting			
Proportion of expenditures and loans from the state budget covered by cost overviews in the respective year, %	at least 5	-	In 2022, no decision was taken by the Government of Ukraine on cost reviews in connection with the full-scale invasion of Ukraine by the Russian Federation and imposition of the martial law.
Proportion of the main spending units that have revised their budget programmes in accordance with new approaches, %	-	-	This indicator is not to be assessed in 2022. The target value of the indicator is set by the Strategy starting from 2023.
9. Inter-budget relations and fiscal decentralisation			

Change in the actual indicator of the volume of transfers from the state budget to local budgets for the reporting period towards the approved target, %	no more than 1	-29.4	Not achieved. In the context of the martial law and temporary occupation of some of the territories of Ukraine by the Russian Federation, expenditures were aimed at maintaining the defensive ability and fulfilling all the social commitments of the state in the first place. In that regard, the inter-budget transfers were redistributed to the state budget reserve fund in the amount of UAH 34.7 billion, to be used without limitation for defence and security needs.
Share of local budget revenues (excluding transfers) in the consolidated budget of Ukraine, %	24.5	19.0	Not achieved. Deviation of the actual indicator from the target is explained by the fact that the pace of local budget revenues gain in Ukraine in 2022 was considerably smaller than the pace of revenues gain in the consolidated budget of Ukraine. In particular, it was caused by changes in the parameters of the State Budget of Ukraine for 2022 by revenues and budget performance above target during the martial law, and the continuously growing need for resources as well as crediting of the grants from the international partners for budget support and balance into the state budget revenues.
III. ENSURING EFFECTIVE EXECUTION OF THE STATE AND LOCAL BUDGETS			
10. Public procurement system			
Proportion of procurement procedures conducted by the body of public financial control on the basis of automatic risk indicators in the total number of procurement procedures monitored, %	30	1.4	Not achieved. The deviation was caused by the fact that the procurement procedures were mostly selected during the martial law based on the ground "Signs of violation(s) of the public procurement legislation detected by the body of public financial control in the information published in the electronic procurement system", with account of the special aspects introduced for the period of martial law (changes in the threshold values and resulting calculation algorithms in accordance with the

			legislation, and application of the procedure of public bidding with special aspects), and the need to monitor procurement with account of information without a machine-readable format in the electronic procurement system.
Increasing the average participation rate in competitive procurement procedures, participants	2.8	2.5	Not achieved. A decrease in the number of participants of such procurement procedures was connected with the full-scale armed aggression of the Russian Federation against Ukraine. Due to the hostilities, there was a permanent threat of destruction of important infrastructure of economic operators, logistical chains had to be changed, it was difficult to obtain raw material, and there was shortage of staff due to forced migration and mobilisation.
Increasing the average participation rate in simplified procurement procedures, participants	1.95	1.6	Not achieved. A decrease in the number of participants of such procurement procedures also resulted from the full-scale armed aggression of the Russian Federation against Ukraine.
Decrease in the share of cancelled procurement procedures (recognition of those as not having taken place), %	25	44	Not achieved. The deviation of the actual values from the targets was caused by changes in the procuring entities' needs in connection with the imposition of the legal regime of martial law and the need to eliminate effects of the active hostilities in respective territories; redistribution of funds in the state and local budgets; dramatic changes in prices.
11. Public investment management			
Improving the quality of preparation of state investment projects (share of state investment projects that meet certain criteria for participation in the competitive selection by the Interdepartmental Commission on State Investment Projects in the total number of state investment projects	92	-	The MSU were unable to submit investment projects to the Ministry of Economy by 01.03.2022 as a result of the full-scale invasion of Ukraine by the Russian Federation.

submitted to the Ministry of Economy by the main spending units), %			
Selection of state capital investments with a view to the implementation of state investment projects, % of the plan	98	-	The MSU were unable to submit investment projects to the Ministry of Economy by 01.03.2022 as a result of the full-scale invasion of Ukraine by the Russian Federation.
12. Public sector accounting			
Proportion of improved national rules (standards) of public sector accounting in accordance with IPSAS, %	40	40	Achieved.
13. Treasury servicing of state funds			
The level of access of the participants in the budget process to the Treasury's digital services, %	86	92	Achieved.
14. System of public internal financial control			
Rate of implementation of recommendations based on the results of internal audits by public authorities (fully and partially, without taking into account the recommendations for which the deadline has not yet come), %	90	85.9	Not achieved. In certain cases, the target value was not achieved for objective reasons associated with the martial law (in particular, location of enterprises / institutions in the temporarily uncontrolled territory, in the area of active hostilities, disposal of documents, changes in the working schedule and resulting increase in the time necessary to implement recommendations etc.).
Rate of implementation of the recommendations of the central harmonisation unit of the Ministry of Finance by public authorities, %	45	58	Achieved.
15. Public financial control			
Number of inspections detecting loss of financial resources in the total number of inspections carried out on the basis of risk-oriented selection, %	80	95.2	Achieved.
16. Independent external financial control			
Number of compliance audits conducted, units	1	0	Not achieved. A delay in reaching the indicator was caused by slower development of documents in the first half of 2022 together with the experts of EU4ACU Project as a result of active hostilities of the Russian Federation in Ukraine.



Score for the indicator PI31 “Legislative scrutiny of audit reports” under dimension 31.2 “Hearings on audit findings” of the PFM Assessment Report (PEFA)	-	-	This indicator is not to be assessed in 2022. The target value of the indicator is set by the Strategy starting from 2025.
Score for the indicator PI31 “Legislative scrutiny of audit reports” under dimension 31.3 “Audit recommendations by the legislature” of the PFM Assessment Report (PEFA)	-	-	This indicator is not to be assessed in 2022. The target value of the indicator is set by the Strategy starting from 2025.
IV. ENHANCING TRANSPARENCY AND ACCOUNTABILITY IN PUBLIC FINANCE MANAGEMENT			
17. Budget transparency and public participation in budgeting			
Ukraine's score Open at least 63 Budget Index (OBI) points	65	Achieved.	Indicator for 2021 published in 2022
18. Information technologies in public finance management			
Proportion of regulated information flows shared among the MoF and other central executive bodies whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance, in total number of such flows, %	40	40	Achieved.
V. DEVELOPMENT OF HUMAN RESOURCE MANAGEMENT IN PUBLIC FINANCE			
19. Development of human resource management in public finance			
Proportion of civil servants who have increased their professional competences in the total number of civil servants of the Ministry of Finance, %	20	20	Achieved.

ANNEX 2. PROGRESS OF THE ACTION PLAN FOR IMPLEMENTATION OF THE STRATEGY IN 2022

Description of the activity	Responsible persons	Outcome of implementation	Period for implementation	Progress in of implementation
I. COMPLIANCE WITH GENERAL FISCAL DISCIPLINE IN THE MEDIUM-TERM PERSPECTIVE				
1. Taxation system				
1.1. Improvement of the effectiveness of tax administration and quality of services rendered to taxpayers				
1. Implementation of the action plan on implementation of conceptual directions of reformation of the system of authorities that implement the state tax and customs policy	STS Ministry of Finance	progress report on implementation of the action plan has been provided	Q1 2022	Implemented. The report on implementation of the Action Plan on implementation of conceptual directions of reforming the system of authorities that implement the state tax policy as approved by Ordinance of the Government No. 542-p of 05.07.2019 (as amended) for 2021 was sent to the Cabinet of Ministers of Ukraine by letter of the STS No. 420/3/99-00-01-03-01-03 of 17.12.2021 and to the Ministry of Finance by letter of the STS No. 1070/4/99-00-01-03-01-04 of 13.07.2022.
2. Development of a strategy for managing compliance with tax discipline ("compliance") with identification of taxpayer segments and risks for each segment, approaches to risk reduction, and preparation of the action plans to that effect	STS Ministry of Finance	relevant legal and normative acts have been adopted	Q1 2022	In progress. In 2022, the work online meetings of the STS specialists and experts of EU4PFM Project where the key provisions of the draft Compliance Strategy were discussed were held. The STS also had the online meeting with the international experts of the Department of the Treasury's Office of Technical Assistance (OTA), where practical consultations were given on how to organise the work to implement the compliance strategy, risk management and principal rules for filling the work table of gap analysis in connection with compliance risk management.

				The draft Compliance Strategy is being modified and approved by the international experts.
3. Enhancement of the STS's institutional capacity in terms of identifying and preventing threats of external and internal interference with the operation of the State Tax Service's databases and information resources	STS Ministry of Finance	a means of information security has been introduced to control and monitor the administration of the STS databases and information resources used for the administration of taxes, duties and other mandatory payments	Q1 2022	In progress. According to activity 4 of Clause 1 of Resolution of the Government of Ukraine No. 263 of 12.03.2022 "Certain Matters of Ensuring Operation of Information and Communication Systems, Electronic Communication Systems, Public Electronic Registers during the Martial Law", introduction of the means of information security to control and monitor administration of taxes, duties and other mandatory payments has been temporarily suspended.
4. Introduction of electronic desk audit ("e-audit") of large taxpayers	Ministry of Finance STS	relevant legal and normative acts have been adopted, relevant software has been put into operation	Q4 2024	Not due yet. On 22.06.2022, the STS presented technical description of the standard audit file SAF-T UA for developers and suppliers of ERP systems and accounting software. On 29.07.2022, the tab "XSD for standard audit file SAF-T UA" was placed on the web-portal of the STS in the section "Main page>Electronic reporting", and taxpayers were given an opportunity to download the file. Also, the ITS "Electronic Account" was modified last year in order to expand the ITS function of receiving and storing SAF-T UA in 2022. In order to keep implementing the Concept, the following draft laws were submitted by the Government to the Verkhovna Rada of Ukraine for consideration: "On Amending the Tax Code of Ukraine regarding Introduction of

				Electronic Inspections (E-Audit)” (registration No. 6255) and “On Amending Article 9 of the Law of Ukraine ‘On Accounting and Financial Reporting in Ukraine’” (registration No. 6256). The proposed amendments oblige taxpayers to submit the SAF-T file to the STS bodies within sixty calendar days following the last calendar day of the reporting (tax) period. Large taxpayers are imposed this duty from 01.01.2025, and VAT payers – from 01.01.2027.
5. Conducting a survey on the level of taxpayers’ satisfaction with the services provided by the State Tax Service	STS Ministry of Finance	a report on the study has been published	on the annual basis	<p>Implemented on the annual basis (Completed in terms of the survey in 2022).</p> <p>The nationwide survey of taxpayers regarding their attitude to the STS bodies was conducted in 2022 from 29.11.2022 until 18.12.2022.</p> <p>On 30.12.2022, the Action Plan for Improving the Taxpayer Service System following the nationwide survey of payers was approved. Information on findings of the survey was published on the web-portal of the STS: https://tax.gov.ua/media-tsentr/prezentatsiyni-materiali/654759.html</p>
6. Further harmonisation of tax legislation with EU acquis	Ministry of Finance STS	draft laws have been approved by the Cabinet of Ministers of Ukraine and submitted to the Verkhovna Rada of Ukraine	within the time limits stipulated by law	<p>Not due yet.</p> <p>Following the joint work of the specialists of the Ministry of Finance, international and national experts regarding harmonisation of the national legislation with the EU acquis, the Ministry of Finance received the opinion of the Directorate-General for Taxation and Customs Union of the European Commission on implementation of Council Directive</p>

2006/112/EC of 28 November 2006 on the common system of value added tax in the national tax legislation (EC letter No. Ares (2021)592349 of 25.01.2021). According to the opinion of the EC, the national tax legislation of Ukraine in terms of VAT is generally consistent with the EU acquis, in particular, Article 353 and Annex XXVIII to the Association Agreement between the EU and Ukraine.

On 01.01.2022 and 01.03.2022, the amendments to the Tax Code of Ukraine (Law of Ukraine No. 1914-IX of 30.11.2021) that increased the rates of the excise duty on ethyl alcohol and other spirit distillates, alcohol beverages, beer. Also, Law No. 1914-IX changed the approaches to determining a unit of measure of the rate of the beer excise duty. These amendments harmonise the Ukrainian legislation with Article 3 of Council Directive 92/83/EEC of 19 October 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages, where it is established without limitation that the excise duty on beer shall be fixed by reference to degree of actual alcoholic strength by volume of finished product.

Moreover, it is provided for by subsection 5(17) of Section XX "Transitional Provisions" of the Tax Code of Ukraine that the specific rates of the excise duty and the minimum excise tax liability for the tobacco product excise duty will be gradually increased until 2025 (by 20% a year).

The purpose of such amendments is to approximate the rates set by the legislation

of Ukraine to the ones prescribed by Council Directive 2011/64/EU of 21 June 2011 on the structure and rates of excise duty applied to manufactured tobacco.

In pursuance of Law No. 1914-IX, Order of the Ministry of Finance No. 318 of 06.10.2022 “On amending the form of the report on the volumes of import of unfermented (unprocessed) tobacco raw materials, the volumes of purchased tobacco raw materials from persons who produce tobacco raw materials in the customs territory of Ukraine, the volumes of production, sales to manufacturers of tobacco products and exports of fermented (processed) tobacco raw materials” was approved.

In 2022, the Ministry of Finance drafted the Law of Ukraine “On Amending the Tax Code of Ukraine to Bring the Legislation of Ukraine in Line with the Legislation of the European Union in Terms of the Excise Duty”. In order to bring the Ukrainian legislation in line with the EU acquis, the draft law provides for the following:

- to define the term “intermediate products” and to establish the excise duty rate at the level of sparkling wines and carbonated wines;
 - to technically elaborate the concept “weighted average cigarette selling price”, namely to incorporate all the taxes into the price with account of the comments made in the letter of the Directorate-General for Taxation and Customs Union of the European Commission (DG TAXUD of The European Commission);
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			- to introduce the schedule of increasing the rates of the fuel excise duty up to the level prescribed by Directive 2003/96/EC.
1.2. Widening of the tax base			
7. Improvement of the rules of control of transfer pricing under the Action Plan on Base Erosion and Profit Shifting (BEPS)	Ministry of Finance STS	relevant legal and normative acts have been adopted	Q4 2024
			Not due yet. In order to improve the rules of control of transfer pricing in pursuance of the Action Plan on Base Erosion and Profit Shifting (BEPS) with account of the recommendations given by the OECD as well as the international experience of taxation, the Ministry of Finance is drafting the Law of Ukraine "On Amending the Tax Code of Ukraine to Improve the Rules of Transfer Pricing and the Procedure for Mutual Approval". Also, Order of the Ministry of Finance No. 19 of 18.01.2022 (registered with the Ministry of Justice on 16.06.2022 under No. 662/37998) approved the Procedures for Establishing Compliance of the Conditions of a Controlled Transaction Regarding Raw Materials with the Arm's Length Principle.
8. Ensuring the creation of conditions for Ukraine's accession to the Multilateral Agreement on Automatic Exchange of Financial Account Information	Ministry of Finance STS National Bank (by agreement)	legal and normative acts necessary for signing the Multilateral Agreement on Automatic Exchange of Financial Account Information have been developed	Q4 2022
			Implemented. On 19.08.2022, the STS as the competent authority of Ukraine signed the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (MCAA CRS). The original Declaration of Accession to the MCAA CRS signed by the acting Head of the STS and attachments thereto were sent to the OECD Secretariat via diplomatic channels. At the same time, in order to ensure conformity of the national legislation with the requirements of the CRS Standard, the Ministry of Finance drafted the Law of

9. Ensuring the creation of conditions for Ukraine's accession to the Multilateral Agreement on Automatic Exchange of CbC Reports	Ministry of Finance STS	together with the Organisation for Economic Co-operation and Development (OECD), an assessment of confidentiality, consistency and the appropriate use of CbCR information has been conducted; a Multilateral Agreement on Automatic Exchange of CbC Reports has been signed	Q4 2024	<p>Ukraine "On Amending the Tax Code of Ukraine and Certain Legislative Acts of Ukraine on Implementation of the International Standard for Automatic Exchange of Financial Account Information", which was approved by the Government on 14.10.2022 and registered with the Verkhovna Rada of Ukraine on 17.10.2022 under No. 8131. The draft law was adopted in the first reading on 16.11.2022²⁷.</p> <p>Not due yet.</p> <p>On 03.11.2023, the STS as the competent authority of Ukraine signed the Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports (hereinafter the "MCAA CbC"). The original Statement of Accession to the MCAA CbC signed by the acting Head of the STS and attachments thereto were sent to the OECD Secretariat via diplomatic channels. Also, Order of the Ministry of Finance No. 139 of 13.05.2022 "On Approving the Action Plan for the State Tax Service of Ukraine to Implement the Clauses of the Tax Code of Ukraine regarding Automatic Exchange of Reports in Terms of Countries of International Company Groups". The order regulated the measures to be taken to implement the mechanism for automatic exchange of inter-state reports with account of expert assessment and recommendations by the Organisation for Economic Co-operation and Development. On 22.07.2022, the STS signed contract No. 2022/4-3-207 for procuring the services to</p>
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²⁷ The Verkhovna Rada of Ukraine adopted the Law in its entirety on 20.03.2023. The Law was signed by the President of Ukraine on 21.04.2023.

				develop the software “Subsystem ‘Automatic Exchange of Tax Information’ as a Component of the International Automatic Exchange of Information ICS”. The actions were taken to connect the STS to the test environment Common Transmission System (CTS), and the prototype of the software of the subsystem “Automatic Exchange of Tax Information” was installed at the equipment of the STS for testing.
10. Creating proper conditions for optimising the tax burden through the mechanism of avoidance of double taxation	Ministry of Finance	draft treaties for the avoidance of double taxation between Ukraine and Qatar, Lichtenstein, Montenegro and Japan have been drawn up	Q4 2024	<p>Not due yet.</p> <p>In connection with the martial law, negotiation with Liechtenstein, Montenegro and Japan to agree upon draft bilateral international agreements has been temporarily suspended.</p> <p>At the same time, the Protocol between the Government of Ukraine and the Government of the State of Qatar on amending the Agreement between the Government of Ukraine and the Government of the State of Qatar for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income was signed in Kyiv on 02.09.2021. The internal state procedures necessary to put it into effect are now being performed. In particular, in order to ratify the Protocol, the corresponding draft law was developed and approved by the Government on 02.12.2022 (Ordinance of the Cabinet of Ministers of Ukraine No.1085-p of 02.12.2022), and registered with the Verkhovna Rada of Ukraine on 05.12.2022 under No. 0180²⁸.</p>

²⁸ On 10.04.2023, the Verkhovna Rada of Ukraine ratified the corresponding Protocol.

11. Implementation of the rules of taxation of controlled foreign companies	Ministry of Finance STS	relevant legal and normative acts have been adopted	Q1 2022	Implemented. The forms of the Report on Controlled Foreign Companies (CFC), Summary Report on CFC, the Procedure for Completing the Report (Order of the Ministry of Finance No. 254 of 25.08.2022 registered with the Ministry of Justice on 11.10.2022 under No. 1219/38555), the Procedure for Inspecting the Controlling Entity (Order of the Ministry of Finance No. 360 of 01.11.2022 registered with the Ministry of Justice on 18.11.2022 under No. 1432/38768) were approved. The Order entered into force on 02.12.2022.
12. Revision of an environmental tax	Ministry of Finance STS Ministry of Ecology and Natural Resources	relevant legal and normative acts have been adopted	Q1 2022	Implemented. Pursuant to the rules of the Tax Code of Ukraine, the following amendments as to the environmental tax entered into force on 01.01.2022: <ul style="list-style-type: none"> - the rates of the environmental tax were adjusted by index (except for the rates for carbon dioxide emissions into the atmosphere by fixed sources of pollution, for discharge of contaminants into water bodies and for waste disposal), with account of the consumer price index in 2020 (105%); - the rate of the environmental tax for carbon dioxide emissions into the atmosphere was increased from UAH 10 to UAH 30 per tonne; - the rates of the environmental tax for discharge of contaminants into water bodies were increased 2.4 times in 2022 and 8 times until 2025 (gradually); - the rates of the environmental tax for waste disposal were increased by 10%. However, according to Law of Ukraine No. 2836-XI of 13.12.2022 "On Amending the Tax

Code of Ukraine and Other Laws of Ukraine to Facilitate Recovery of the Energy Infrastructure of Ukraine”, the electric generation plants classified under code 8502 of the Ukrainian classifier of goods of foreign economic activity shall not be considered fixed sources of pollution during the period of martial law and for thirty calendar days following its termination. Also, during the martial law (until 31 December of the year when the martial law is terminated or cancelled), pursuant to Law of Ukraine No. 2142-IX of 24.03.2022 “On Amending the Tax Code of Ukraine and Other Legislative Acts of Ukraine on Improving the Legislation for the Duration of the Martial Law”, the environmental tax shall not be assessed and paid by the payers of this tax registered at the location of fixed sources of pollution, for generation of radioactive waste and temporary storage of radioactive waste in the territories where there are (have been) hostilities, in the territories temporarily occupied by the Russian Federation.

2. Customs system

2.1. Enhancement of the institutional capacity of customs authorities

13. Implementation of the action plan on reformation and development of the system of authorities that implement customs policy	State Customs Service Ministry of Finance	progress report on implementation of the action plan has been provided	Q1 2022	Implemented. The information on implementation of the action plan on reformation and development of the system of authorities that implement customs policy for 2021 was sent to the Cabinet of Ministers of Ukraine by letter of the State Customs Service No. 08-1/08-01/3/11332 of 17.12.2021.
14. Implementation of a pilot project for competency and integrity	Ministry of Finance	testing programmes have been drawn up and implemented;	Q1 2022	Implemented. The experimental project of testing of customs officials was implemented by the

testing of the customs officials	State Customs Service	testing has been conducted; report on the implementation of the pilot project and proposals as to the need in amendments to legislation have been prepared.	<p>Ministry of Finance together with the State Customs Service and the NACS with the support of the US Embassy and IOM Ukraine and participation of the experts with the international and Ukrainian experience of HR reforms and assessment of competence and integrity of staff of the public authorities.</p> <p>In total, 9,048 officials of the State Customs Service in all the regions were tested.</p> <p>The testing results were taken into consideration when the officials were transferred to customs offices as standalone units within the transfer of the State Customs Service to operates as a sole legal entity, and were used as a basis to revise the conception of professional training and advanced training in the State Customs Service.</p> <p>The report on implementation of the experimental project was sent to the Cabinet of Ministers of Ukraine by letter of the Ministry of Finance No. 34040-02-3/32796 of 27.10.2021.</p> <p>In order to ensure legislative regulation of the procedure for performance review of officials of the customs authorities, to enhance and maintain their qualifications and integrity at the appropriate level, to improve the human resource potential of the State Customs Service, the Ministry of Finance and the State Customs Service drafted the Law of Ukraine "On Amending the Customs Code of Ukraine regarding Performance Review of Officials of the Customs Authorities" (registration No. 6490 of 30.12.2021).</p> <p>The Draft Law was included into agenda of the Verkhovna Rada of Ukraine No. 2557-IX</p>
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				of 06.09.2022 together with the draft Law of Ukraine “On Amending the Customs Code of Ukraine regarding Introduction of Performance Review of Officials of the Customs Authorities” (registration No. 6490-1 of 18.01.2022) ²⁹ , which was submitted by MPs of Ukraine D. O. Hetmantsev, O. H. Sova and O. V. Kovalchuk.
15. Development of customs infrastructure and provision of customs authorities with modern technical means for customs control in accordance with the action plan for the construction of priority checkpoints for 2021–2023	State Customs Service Ministry of Finance	customs infrastructure has been reconstructed, built, overhauled and re-equipped; structural subdivisions of customs authorities have been provided with intelligent video surveillance systems, weighing and scanning systems of all types, other technical means and customs control systems	Q4 2023	Not due yet. Development of customs infrastructure and provision of customs authorities with modern technical means for customs control is provided for by the Action Plan for the Construction of Priority Checkpoints for 2021–2023 approved by Ordinance of the Cabinet of Ministers of Ukraine No. 246 of 24.03.2021. In 2022, Ordinance of the Government of Ukraine No. 333-p of 29.04.2022 approved the decision to open the international checkpoint of Diakivtsi across the state border for pedestrians and vehicles (including buses), except for cargo ones, with the permanent regime of operation and 24/7 working hours, as well as the international checkpoint of Krasnoilsk across the state border for pedestrians and vehicles (up to 3.5 tonnes), except for cargo ones, with the permanent regime of operation and working hours from 8 a.m. to 8 p.m. On 10.11.2022, the international automobile checkpoint of Krasnoilsk – Vicovu de Sus between Ukraine and Romania was opened.

²⁹ On 11.04.2023, both draft laws were considered by the Committee of the Verkhovna Rada of Ukraine on Finance, Taxation and Customs Policy.

On 16.08.2022, the new bus terminal with additional halls for passport control and customs clearance was opened at the checkpoint of Krakivets – Korczowa at the border with Poland. In addition to the bus site, the quantity of lanes at the checkpoint was increased, which allowed dividing passenger and cargo vehicles and installing the necessary quantity of halls for customs and passport control.

2.2. Improvement of the customs controls and harmonisation of customs procedures, and facilitation of international trade

16. Implementation of a common transit system (NCTS)	State Customs Service Ministry of Finance	software has been implemented; software has been in use at the international level.	Q4 2022	<p>Implemented.</p> <p>On 07.07.2022, at the 187th meeting of the EU-CTC Working Group on Common Transit and the Simplifications of Formalities in Trade in Goods, the representatives of the common transit countries were officially declared the opinion of the final monitoring mission in Ukraine, which had been conducted on 23-24.06.2022, and it was resolved by the vote to officially invite Ukraine to accede to the Convention.</p> <p>The Ukrainian Side received invitation of the General Secretariat of the Council of the European Union No. LT 168/22 of 25.08.2022 to accede to the Convention on a common transit procedure and the Convention on the simplification of formalities in trade in goods. In that regard, pursuant to the Law of Ukraine “On International Treaties of Ukraine”, the Ministry of Finance drafted the Laws of Ukraine “On Acceding to the Convention on a common transit procedure” and “On Acceding to the Convention on the simplification of formalities in trade in goods”, which were adopted by the</p>
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				<p>Verkhovna Rada of Ukraine on 30.08.2022 (Laws No. 2555-IX and 2554-IX accordingly). On 31.08.2022, the Ukrainian Side submitted documents on the accession to the conventions to the General Secretariat of the Council of the European Union. The NCTS started to be applied at the international level on 01.10.2022.</p> <p>In order to introduce the European practices into the customs operations in Ukraine, to prepare the national legislation for organisational procedures for Ukraine's accession to the conventions, the Verkhovna Rada of Ukraine adopted Law of Ukraine No. 2510-IX of 15.08.2022 developed by the Ministry of Finance "On Amending the Customs Code of Ukraine as to Certain Matters of Implementation of Title 5 of Section IV of the Association Agreement between Ukraine, of the one part, and the European Union, the European Atomic Energy Community and their Member States, of the other part".</p>
17. Establishment of an authorised economic operator (AEO)	Ministry of Finance State Customs Service	relevant legal and normative acts have been adopted; software has been implemented.	Q1 2022	<p>Implemented.</p> <p>All the legal and normative acts that are provided for by the Customs Code of Ukraine and necessary for the assessment (for AEO authorisation to be granted to companies) and monitoring of companies' conformity to the AEO criteria have already been adopted.</p> <p>The State Customs Service has introduced the AEO software and information suite that allows accepting applications for the AEO authorisation in electronic form and entering the assessment results. Also, the</p>

				<p>Unified State Register of Authorised Economic Operators has been created.</p> <p>In order to promote the AEO concept, the State Customs Service held six workshops organised at the business community sites for more than 400 representatives of companies; the heads of the customs offices had numerous meetings with the entities engaged in foreign economic activities within the competence of the customs offices in order to raise awareness of the AEO programme, and corresponding information was posted on the official pages and information stands of the State Customs Service and customs offices.</p> <p>The first enterprise to obtain AEO authorisation was JT International Ukraine Public Joint Stock Company.</p> <p>Also, the Verkhovna Rada of Ukraine adopted Law of Ukraine No. 2510-IX of 15.08.2022 "On Amending the Customs Code of Ukraine as to Certain Matters of Implementation of Title 5 of Section IV of the Association Agreement between Ukraine, of the one part, and the European Union, the European Atomic Energy Community and their Member States, of the other part", which without limitation provided for simplification of customs formalities for all the reliable enterprises rather than authorised economic operators only, and set the list of conditions for granting an authorisation (permission) for the specific simplification.</p>
18. Creation of new IT services to control the movement of goods that	State Customs Service	relevant IT services have been put into operation	Q1 2022	<p>In progress.</p> <p>The State Customs Service developed the new software and information suite of the</p>

may infringe intellectual property rights				Unified Automated System "Customs Register of Intellectual Property Items" (SIS "IPI Register"). In pursuance of Order of the State Customs Service No. 165 of 19.04.2022 "On Trial Operation of the SIS 'Customs Register of Intellectual Property Items'", the trial operation of the SIS "IPI Register" is under way. 830 intellectual property items were recorded in the register as of 01.01.2023, including 187 of them registered in 2022.
19. Implementation of a methodology for measuring the average time of release of goods on the basis of best practices	State Customs Service Ministry of Finance	relevant executive documents have been adopted	Q1 2022	In progress. The average time required for the release of goods from the time of delivery to the checkpoint until release is now measured in accordance with the method prescribed by the World Customs Organization. Also, according to the State Customs Service, in order to introduce automated measuring of the average time required for the release of goods, that method was taken into consideration in development of the upgraded Unified Automated Information System of the Customs Authorities.
3. Management of fiscal risks and public assets				
3.1. Carrying out a comprehensive assessment of fiscal risks and determining their impact on the state budget				
20. Analysis of fiscal risks and their impact on state budget indicators and inclusion the results of their overall assessment in the Budget Declaration	Ministry of Finance Ministry of Economy other central executive authorities National Bank (by	overall assessment of fiscal risks in line with the IMF Fiscal Transparency Code and its inclusion in the Budget Declaration	on the annual basis in Q2	In progress. In pursuance of Law of Ukraine No. 2134-IX of 15.03.2022 "On Amending Section VI 'Final and Transitional Provisions' of the Budget Code of Ukraine and Other Legislative Acts of Ukraine", the rules of Article 33 of the Budget Code of Ukraine and related rules regarding the Budget Declaration shall not be applied during the martial law.

	agreement) State Property Fund			
21. Preparation of information on fiscal risks and their impact on the state budget's indicators during the planned budget period	Ministry of Finance Ministry of Economy other central executive authorities National Bank (by agreement) State Property Fund	information on fiscal risks and their impact on the state budget's indicators has been included in budget documentation and published on the MoF's official website	on the annual basis in Q3	In progress (Completed in terms of the inclusion and publication in 2022). Information on the fiscal risks (including contingent obligations and quasifiscal transactions) and impact thereof upon the state budget indicators for 2023 was included into the budget documentation and made public on the official website of the Ministry of Finance.
3.2. Ensuring effective monitoring of fiscal risks and minimisation thereof				
22. Creation of a Register of Fiscal Risks that may affect the state budget and monitoring them	Ministry of Finance Ministry of Economy other central executive authorities National Bank (by agreement) State Property Fund	Register of Fiscal Risks has been created	Q1 2022	In progress. The Register of Fiscal Risks has been created. The Register is being updated with account of the fiscal risks caused by the military aggression of the Russian Federation against Ukraine and the resulting imposition of the martial law in Ukraine.
23. Development of action plans to minimise fiscal risks associated with the activities of economic entities included by the MoF in the list of economic entities with which the greatest fiscal risks may be associated	central executive authorities (economic operators' management bodies) Ministry of Finance	economic operators' management bodies have approved action plans in agreement with the MoF	on the annual basis, by 1 May	In progress. According to the Guidelines on Assessing the Fiscal Risks Connected with Activity of Economic Operators in the Public Sector of the Economy approved by Resolution of the Cabinet of Ministers of Ukraine No. 7 of 11.01.2018, the fiscal risks connected with activity of economic operators are assessed by management bodies

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(ministries, other executive authorities and state collegial bodies authorised to manage state-owned facilities) separately for each economic operator within their competence. Assessment shall be performed by the management bodies based on the information on financial and economic activities received from such economic operators.

However, Law of Ukraine No. 2115-IX of 03.03.2022 “On Protecting Interests of the Entities Obligated to Submit Reports and Other Documents during the Martial Law or the State of War” entered into force on 07.03.2022. In particular, it is prescribed that natural persons, individual entrepreneurs and legal entities shall submit bookkeeping, financial, accounting, settlement and audit reports and any other documents to be submitted in accordance with the effective legislation in the documental and/or electronic form, within three months after the martial law or the state of war is terminated or cancelled, for the entire period of non-submission of reports or their duty to submit the documents.

During the martial law or the state of war as well as for three months following the termination thereof, the natural persons, individual entrepreneurs and legal entities shall not be subject to administrative and/or criminal liability for non-submission or untimely submission of reports and/or documents.

3.3. Improvement of institutional capacity of Ministry of Finance and other public authorities as regards fiscal risk management

24. Strengthening the institutional and analytical capacity of the MoF and other public authorities with a view to identification, assessment, monitoring of fiscal risks and taking measures to minimise them	Ministry of Finance Ministry of Economy other central executive authorities State Property Fund National Bank (by agreement)	training on fiscal risk management has been conducted (based on the results, the number of employees trained is indicated)	on a continuous basis	In progress. The training was not conducted in 2022 in connection with the martial law. There were consultations with the IMF regarding fiscal risk management in the context of martial law and post-war recovery in 2022. The meetings resulted in a number of recommendations by the IMF on improving the function of fiscal risk management in Ukraine.
3.4. Implementation of local budget fiscal risk management				
25. Amending the Budget Code of Ukraine in terms of determination of the procedure for the local fund fiscal risk management	Ministry of Finance Ministry of Economy Ministry of Justice	draft law on amendments to the Budget Code of Ukraine has been approved by the Cabinet of Ministers of Ukraine and submitted to the Verkhovna Rada of Ukraine	Q2 2022	In progress. Negative impact of the hostilities in the territory of Ukraine, temporary occupation of some of the territories of Ukraine by the Russian Federation and resulting new challenges of the state and local budgets prevented local budget fiscal risk management from being introduced in 2022.
26. Drawing up methodological recommendations on the local budget fiscal risk management	Ministry of Finance Ministry of Economy all-Ukrainian association of local self-government bodies (by agreement)	methodological recommendations have been drawn up and notified to local self-government bodies	Q4 2022	In progress. Implementation of the activity depends on implementation of activity 25 under this Action Plan.
27. Monitoring of compliance with the agreements executed by the local executive	Ministry of Economy Ministry of	report has been drawn up, monitoring results have been taken into	on the annual basis in Q1	In progress. According to the Ministry of Economy, annual reports on performance of the agreements concluded within public-

authorities under public-private partnership	Finance MCDT	account in fiscal risk assessment		private partnership are not received during the martial law. With due consideration of the above, monitoring of all the agreements made and assessment of the fiscal risks associated with implementation of public-private partnership projects are not impossible.
28. Strengthening of the local self-governments' capacity as regards fiscal risk management	Ministry of Finance all-Ukrainian associations of local self-government bodies (by agreement) local state administrations local councils' executive authorities (by agreement)	training materials have been developed and training of the members of local self-governments on fiscal risk management has been conducted (based on the results, the number of bodies where training was conducted and the number of persons trained is indicated)	on a continuous basis	In progress. Implementation of the activity depends on implementation of points 25, 26 under this Action Plan.
4. Debt management				
4.1. Ensuring functioning of the Debt Agency				
29. Development of the requirements to, and holding, competition for the position of the Debt Agency's Head	NACS Ministry of Finance	requirements have been developed, competition has been held	Q1 2022	In progress. The NACS has developed the Conditions for Conducting the Competition for the Position of the Head of the Public Debt Management Agency. However, creation of the Public Debt Management Agency in 2022 was suspended as a result of the military aggression of the Russian Federation against Ukraine.

30. Establishment of the Debt Agency	Head of the Debt Agency Ministry of Finance	Debt Agency has been registered as a legal entity	Q1 2022	In progress. Creation of the Public Debt Management Agency in 2022 under the budget programme “Governance and management in the field of implementation of the public debt management policy” (CSPCC 3508010) was suspended as a result of the military aggression of the Russian Federation against Ukraine. In pursuance of Resolution of the Cabinet of Ministers of Ukraine No. 401 of 01.04.2022 “On Directing Funds to the State Budget Reserve Fund”, the consumption expenditures were reduced in the amount of UAH 19,645.4 thousand, including the ones for labour remuneration in the amount of UAH 15,611.4 thousand, and were directed to increase the expenditures for programme 3511030 “Reserve fund”.
4.2. Improvement of the instruments and mechanisms of state guarantees, including for support of small and medium-sized businesses				
31. Introduction of a fee for the provision of state guarantees based on risk assessment	Ministry of Finance Debt Agency	relevant legal and normative acts adopted	Q4 2022	In progress.
32. Improvement of the competitiveness assessment of the debtor at the time of provision of public-guarantees	Ministry of Finance Debt Agency	relevant legal and normative acts adopted	Q3 2022	In progress.
33. Introduction of the mechanism for provision public guarantees on a portfolio basis	Ministry of Finance Debt Agency	relevant legal and normative acts adopted	Q1 2022	Implemented. The Law of Ukraine “On the State Budget of Ukraine for 2022” provided for possible issue of state guarantees by the decision of the Government, namely to ensure partial fulfilment of debt obligations within the

portfolio of the lending banks' loans granted to the economic operators being micro, small and/or medium-sized businesses and residents of Ukraine.

The procedure for selecting lending banks, conditions for granting portfolio-based state guarantees, payment for such guarantees as well as the amount and type of the security to be provided by corresponding economic operators was approved by Resolution of the Government of Ukraine No. 723 of 14.07.2021.

Resolutions of the Government No. 133 of 16.02.2022, No. 374 of 27.03.2022, No. 497 of 29.04.2022

No. 625 of 24.05.2022 approved the lists of corresponding lending banks and maximum scope of portfolio-based state guarantees for such banks for the total amount of UAH 23 billion.

As a part of support of micro, small and/or medium-sized businesses in Ukraine, since the tool of portfolio-based state guarantees was introduced in December 2020, 17,614 loans for the total amount of almost UAH 57.5 billion have been granted.

As of 01.01.2023, 28 lending banks serviced 16,745 loans of that type for the total amount of almost UAH 52.7 billion. The liabilities for the principal debt that is partially secured with portfolio-based state guarantees made UAH 28.4 billion (around 78% of the total limit of the guarantees granted).

4.3. Development of the domestic public securities market

34. Domestic government bonds joining JP Morgan GBI-EM index	Ministry of Finance Debt Agency	domestic government bonds joined JP Morgan GBI-EM index	Q4 2022	<p>In progress.</p> <p>According to JP Morgan Global Index Research (of 12.10.2021), starting from 31.03.2022, the government bonds of Ukraine were supposed to qualify for inclusion into GBI-EM GD index with the approximate share of 0.12%. One series of bonds that met the index requirements was supposed to be included into all three GBI-EM series: it was the domestic government bonds with the coupon of 15.84% and repayment in February 2025 (UA4000204150).</p> <p>However, as a result of the full-scale military aggression of the Russian Federation against Ukraine, it was found out in April 2022 that the domestic government bonds were not included into JP Morgan GBI-EM index. With due consideration of the present-day circumstances, inclusion of Ukraine into the index is to be reviewed in the future. The Ministry of Finance has taken all the measures for the domestic government bonds (UA4000204150) to be included into JP Morgan GBI-EM index, but that is impossible in the context of the martial law as the bond fails to meet the criteria.</p>
35. Introduction of active instruments for public debt management in the domestic market	Ministry of Finance Debt Agency	relevant legal and normative acts adopted	Q1 2022	<p>In progress.</p> <p>The amendments were made to the Memorandum of Mutual Understanding, Cooperation and Information Exchange between the Ministry of Finance and the NSSMC.</p> <p>Active transactions with public securities will be carried out after the Resolution of the Cabinet of Ministers of Ukraine "On Amending the Procedure for Placing Temporarily Free Ukraine of the Single</p>

				Treasury Account by Purchasing Domestic Government Bonds" is adopted. Introduction of active instruments for public debt management in the domestic market has been temporarily suspended for the duration of the martial law.
36. Improvement of the functioning of the Institute of Primary Dealers	Ministry of Finance Debt Agency	it has been ensured that primary dealers perform the function of market-makers as regards domestic government bonds on the secondary market	Q4 2022	In progress. The Procedure for Selection and Functioning of Primary Dealers was amended by Order of the Ministry of Finance No. 492 of 31.08.2021. According to the Order, the Commission on Selection and Assessment of Primary Dealers monitors fulfilment of their obligations by primary dealers, in particular, as to the requirement for market makers. In 2021, agreements with the banks being primary dealers were re-signed with the requirements for performing the market maker's functions. Starting from 01.01.2022, control over fulfilment of the obligations assumed was planned. However, the NSSMC decided to restrict transactions on the secondary securities market from 24.02.2022 until 08.08.2022, so banks could not perform market maker's functions. However, implementation of the order on primary dealers performing the function of market-makers as regards domestic government bonds on the secondary market is planned from 01.01.2023.
4.4. Improvement of the local self-governments' capacity as regards debt management				
37. Drawing up methodological recommendations on the local debt management	Ministry of Finance all-Ukrainian associations of	methodological recommendations have been drawn up and notified to local	Q1 2022	In progress.

	local self-government bodies (by agreement)	self-government bodies		
38. Improvement of the mechanism for control of local debts and guarantees	Ministry of Finance	draft law on amendments to the Budget Code of Ukraine has been approved by the Cabinet of Ministers of Ukraine and submitted to the Verkhovna Rada of Ukraine	Q1 2022	<p>Implemented.</p> <p>On 13.09.2022, the Government approved the draft Law of Ukraine “On Amending the Budget Code of Ukraine regarding Updates of and Amendments to Certain Clauses” and submitted it to the Verkhovna Rada of Ukraine. The Law was adopted by the Verkhovna Rada of Ukraine on 03.11.2022 (No. 2709-IX).</p> <p>The Law provides for improving the mechanism for determining the limit of the total volume of the local debt and the debt guaranteed by the Autonomous Republic of Crimea, the regional council or city territorial community (Article 18).</p> <p>However, Law of Ukraine No. 2390-IX of 09.07.2022 “On Amending Section VI ‘Final and Transitional Provisions’ of the Budget Code of Ukraine to Enhance Flexibility of Local Budgets and Increase Promptness of Decision-Making”, which entered into force on 27.07.2022, supplemented the Final and Transitional Provisions of the Budget Code of Ukraine with point 22⁶, according to which Article 74(7) of this Code shall be not applied during the martial law in Ukraine and for six months after it is terminated or cancelled.</p>
39. Carrying out monitoring of debt obligations and guarantees provided by local self-governments	Ministry of Finance local self-government	report has been drawn up, monitoring results have been taken into	on the annual basis in Q1	In progress.

	bodies (by agreement)	account in fiscal risk assessment		
40. Strengthening of the local self-governments' capacity as regards debt management	Ministry of Finance all-Ukrainian associations of local self-government bodies (by agreement) local state administrations local councils' executive authorities (by agreement)	training materials have been developed and training of the members of local self-governments on debt management has been conducted (based on the results, the number of bodies where training was conducted and the number of persons trained is indicated)	on a continuous basis	In progress.
4.5. Increasing of the share of long-term concessional financing				
41. Improvement of the regulatory framework in order to eliminate obstacles in the preparation/implementation of joint projects with IFIs	Ministry of Finance	relevant legal and normative acts have been adopted	Q4 2024	Not due yet. The procedure for raising loans (credits) from IFIs for project implementation was simplified in order to enable Ukraine to borrow funds from IFIs during the martial law and support economic operators in the public sector of the economy and ensure sustainable operation of the critical infrastructure (Resolutions of the Cabinet of Ministers of Ukraine No. 327 of 20.03.2022, No. 419 of 09.04.2022 and No. 920 of 19.08.2022). In order to improve the procedure for borrowing funds from IFIs, Resolution of the Cabinet of Ministers of Ukraine No. 1183 of 18.10.2022 "On Amending the Procedures Approved by Resolutions of the Cabinet of

				<p>Ministers of Ukraine No. 1090 of 5 September 2007 and No. 70 of 27 January 2016” was adopted.</p> <p>Also, Law of Ukraine No. 2192-IX of 14.04.2022 “On Amending Section VI ‘Final and Transitional Provisions’ of the Budget Code of Ukraine and Section XX ‘Transitional Provisions’ of the Tax Code of Ukraine” amended the Budget Code of Ukraine, according to which the grants for budget support raised from foreign states, foreign financial institutions and international financial institutions are credited to the general fund of the State Budget of Ukraine for the period of the martial law in Ukraine. It is also prescribed that amendments to the corresponding international treaties of Ukraine are made by the Minister of Finance of Ukraine by the decision of the Cabinet of Ministers of Ukraine.</p> <p>Moreover, Law of Ukraine No. 2280-IX of 31.05.2022 amended the Law of Ukraine “On the State Budget of Ukraine for 2022” and prescribed that grants for budget support from foreign financial institutions in 2022 could be raised based on agreements made by the state represented by the Minister of Finance of Ukraine or the person who performs his or her duties by the decision of the Cabinet of Ministers of Ukraine.</p>
42. Extension of the list of financial instruments under joint project with IFIs	Ministry of Finance	implementation of projects with the use of new financial instruments has been ensured	Q4 2025	<p>Not due yet.</p> <p>In connection with the full-scale military aggression of the Russian Federation against Ukraine in 2022, implementation of the investment infrastructure projects was suspended, and most of the loans received</p>

from the IFIs were directed to the general fund of the state budget. The Public Expenditures for Administrative Capacity Endurance (PEACE) Project was launched together with the World Bank: the financing now makes USD 11.3 billion and EUR 1.4 billion of borrowed and grant funds. The purpose of the project is to ensure performance of the state's functions at the national and regional levels, to undertake priority social and humanitarian expenditures to support the population (retirement benefits, payments to internally displaced persons, persons with low income and persons with disabilities), health care and education expenditures, payment of salaries to the staff of public authorities, pedagogical staff and health care professionals, and staff of emergency services.

Also, the state budget expenditures were financed by means of the following IFI financial support instruments:

- systemic loans for the development policy;
 - systemic project by means of the financial lending product with programme-for-results financing (PforR);
 - investment projects using the lending mechanism based on achievement of corresponding indicators stipulated in the agreement between Ukraine and the IFI;
 - grant funds from foreign states, foreign financial institutions and IFI / resources of the Special-Purpose Fund of many donors for budget support.
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The funds borrowed from IFIs were credited to the general fund of the state budget in 2022 for the total amount of USD 0.972 and EUR 1.975 billion, and the grant funds were credited for the total amount of USD 11 billion. and EUR 2.25 billion.

Within the current joint projects with the EIB, EUR 1.050 billion were directed at financing maintenance of the road and transport infrastructure, continuous operation of railway transport during the martial law, continuous and safe movement of motor vehicles by public roads of national significance and due maintenance thereof, sustainable functioning of the road infrastructure in autumn and winter in 2022-2023 as well as emergency and recovery works and preparation for the heating season of 2022/2023, resumption of functioning of infrastructural facilities, thermal modernisation of residential and public buildings.

Following the restructuring of the joint projects with the EBRD, the following funds were directed: EUR 147.3 million to support liquidity and sustainability of operations of NEC Ukrenergo, EUR 148.8 million to support liquidity and sustainability of operations of JSC Ukrainian Railways, EUR 300 million – NJSC Naftogaz of Ukraine to finance procurement of imported natural gas and ensure the sustainable heating season of 2022/2023.

43. Disclosure of complete and objective information on the initiation, preparation to, and	Ministry of Finance	availability on the IFIs projects web portal of up-to-date information on the	on a continuous basis	In progress (Completed in terms of coverage of information in 2022).
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implementation, of projects through loans from IFIs	projects of social and economic development of Ukraine whose implementation is funded by the IFIs	The register projects of social and economic development of Ukraine whose implementation is funded by the IFIs is available here: https://proifi.gov.ua/projects?page=1 . Also, the IFI projects web-portal contains information on dynamics of utilisation of IFI funds, the structure of project financing by industries, the structure of project financing by a lender (IFI) as well as the structure of project financing by a responsible contractor.
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5. Liquidity management

5.1. Improving the quality of forecasting the movement of funds in the accounts of the Treasury

44. Establishing the exchange of information between the Treasury, the Ministry of Finance and other entities responsible for the movement of funds through a single treasury account, for the purposes of forecasting and liquidity management	Ministry of Finance other ministries Treasury STS State Customs Service, Pension Fund of Ukraine State Property Fund	the Procedure for Information Exchange among the entities of the liquidity management system has been approved; database necessary for forecasting movement of funds has been set up.	Q1 2022	In progress. Resolution of the Government No. 970 of 30.08.2022 "On Approving the Procedure for Submission of Information between by Budget Holders and Recipients, Other Clients of the State Treasury Service to the Ministry of Finance for the Purpose of Liquidity Management of the Single Treasury Account and Foreign Currency Accounts of the State Treasury Service" was adopted.
45. Ensuring automatic forecasting of the movement of funds in the Treasury's single treasury account and foreign currency accounts	Ministry of Finance Debt Agency Treasury	automated system of decision-making as regards liquidity management has been put in place	Q2 2022	In progress. The technical specification for information collection software has been developed to forecast the movement of funds in the Treasury's single treasury account and foreign currency accounts. In pursuance of Resolution of the Government No. 970 of 30.08.2022 "On Approving the Procedure for Submission of Information between by Budget Holders and Recipients, Other Clients of the State Treasury Service to the Ministry of Finance

				for the Purpose of Liquidity Management of the Single Treasury Account and Foreign Currency Accounts of the State Treasury Service”, the automated system can be put in place within nine months after the martial law is terminated or cancelled.
46. Extension of the period for forecasting movement of funds in the single treasury account to six months, with further improvement in forecasting quality	Ministry of Finance Treasury STS State Customs Service National Bank (by agreement)	reliable daily forecasts of movement of funds in the single treasury account for up to three months and monthly forecasts for up to six months have been ensured	Q4 2022	In progress. In the context of the martial law, a forecast of daily flow of funds at the single treasury account is made for the current and next month.
47. Improving the institutional and analytical capacity to forecast the movement of funds in the single treasury account, and the use of liquidity management tools	Ministry of Finance Treasury STS State Customs Service	training on forecasting of movement of funds in the single treasury account has been conducted (based on the results, the percentage of employees trained is indicated)	on a continuous basis	In progress.
5.2. Improvement of liquidity management tools				
48. Improving the tools for managing temporarily free funds in the Treasury’s single treasury account and foreign currency accounts, making relevant transactions	Ministry of Finance Debt Agency	the procedure for placing temporarily free balances into the Treasury’s single treasury account and foreign currency accounts has been amended	Q1 2022	In progress. The draft Resolution of the Cabinet of Ministers of Ukraine “On Amending the Procedure for Placing Temporarily Free Funds of the Single Treasury Account by Purchasing Domestic Government Bonds” is being approved by the stakeholders.
49. Introduction of liquidity management tools with a view to ensure payments by spending units and recipients of state budget	Ministry of Finance Debt Agency	use of liquidity management tools has been ensured	Q1 2022	In progress. In March, the Ministry of Finance started auctions to sell military bonds: it is an investment tool to support the state budget that is available to citizens,

funds, serviced by the Treasury, in case of insufficient funds in the single treasury account		businesses and foreign investors. Funds from the bonds raised for the State Budget of Ukraine are used for continuous satisfaction of the state financial needs during the martial law: for military objectives and essential social expenditures to support the population. As of 31.12.2022, more than UAH 200 billion had been raised for the state budget as a result of such placement since March. Where there are insufficient funds at the single treasury account, the Ministry of Finance carries out additional placement of short-term domestic government bonds.		
50. Carrying out the analysis and preparation of the proposals on coordination of time-limits for considerable receipts and expenses of the state budget	Ministry of Finance Treasury STS State Customs Service	relevant analytical report and legal and normative acts have been adopted	Q4 2023	Not due yet.
II. IMPROVING THE EFFICIENCY OF RESOURCE ALLOCATION AT THE LEVEL OF FORMATION OF THE STATE POLICY				
6. Macroeconomic and budgetary forecasting and strategic planning				
6.1. Legislative regulation of the functioning of the integrated system of state forecasting and strategic planning of economic and social development				
51. Drawing up the draft law on system of state forecasting and strategic planning of economic and social development	Ministry of Economy Secretariat of the Cabinet of Ministers of Ukraine Ministry of Finance MCDT Ministry of Justice	the draft law on system of state forecasting and strategic planning of economic and social development has been approved by the Cabinet of Ministers of Ukraine and submitted to the Verkhovna Rada of Ukraine	Q1 2022	In progress. In order to duly organise the rule-making process and coordinate efforts of those who participate in drafting the Law of Ukraine "On State Strategic Planning of Economic and Social Development of Ukraine", the Ministry of Economy initiated establishment of the Work Group made of the representatives of the Ministry of Finance, the MCDT, the Ministry of Justice, the Secretariat of the Cabinet of Ministers of Ukraine and the Reform Support Team of the Ministry of Economy.

				<p>As a part of their joint work:</p> <ul style="list-style-type: none"> - before 24.02.2022, two meetings of the Work Group had been held to pre-approved conceptual framework of the draft law and approaches to fundamental documents (Strategy for the long-term period and targeted strategies); - the draft law, comparative tables with amendments to the Laws of Ukraine “On the Cabinet of Ministers of Ukraine”, “On the Central Executive Authorities” as well as amendments to the Budget Code of Ukraine were developed; - on 29.09.2022, the draft law was presented, the discussion was held, and the decision was taken on the principal directions of further work within bilateral consultations between the Ministry of Finance and the MCDT; - in October and November 2022, the corresponding consultations with the Ministry of Finance and the MCDT were held, and the draft law is being modified following those consultations.
52. Bringing budget law in line with the new system of state forecasting and strategic planning of economic and social development	Ministry of Finance Ministry of Economy	the draft Law of Ukraine “On Amendments to the Budget Code of Ukraine” drawn up based on the law on development of the system of state forecasting and strategic planning of economic and social development has been adopted by the Cabinet of Ministers of Ukraine and submitted to the	within the period of three months from adoption of the draft law on development of the system of state forecasting and strategic	Not due yet.

		Verkhovna Rada of Ukraine	planning of economic and social development	
6.2. Developing the system of state forecasting and strategic planning of economic and social development within implementation of the legislation on development of the system of state forecasting and strategic planning of economic and social development				
53. Ensuring implementation of the law on development of the system of state forecasting and strategic planning of economic and social development	Ministry of Economy Secretariat of the Cabinet of Ministers of Ukraine Ministry of Finance MCDT Ministry of Justice	necessary normative and legal acts of the Cabinet of Ministers of Ukraine have been adopted in order to bring the system of state forecasting and strategic planning of economic and social development in line with the law; necessary guidelines on the development, implementation, monitoring and evaluation of the implementation of strategic planning documents have been approved.	within a year from enactment of the law on development of the system of state forecasting and strategic planning of economic and social development	Not due yet.
6.3. Further depoliticisation of macroeconomic and budgetary forecasting and strategic planning				
54. Setting up the Council of Independent Experts	Ministry of Economy Ministry of Finance	independent external evaluation of the macroeconomic forecasting and forecasting of state budget revenues and policy initiatives has been introduced;	within a year from enactment of the law on development	Not due yet.

		quality, validity, transparency and public perception of public policy in the field of state forecasting and strategic planning of economic and social development have been improved.	ent of the system of state forecasting and strategic planning of economic and social development	
6.4. Improvement of the tools and capacity in the spheres of macroeconomic and budgetary forecasting and strategic planning				
55. Improvement of the quality of modelling scenarios when making budgetary forecasts for a medium-term perspective	Ministry of Finance	the causes of deviations between actual and forecast medium-term budget indicators have been analysed, and proposals for changes in the methods have been developed	Q4 2022	<p>In progress.</p> <p>In connection with the military aggression of the Russian Federation against Ukraine, and in pursuance of Law of Ukraine No. 2115-IX of 03.03.2022 “On Protecting Interests of the Entities Obligated to Submit Reports and Other Documents during the Martial Law or the State of War”, the state statistics authorities have suspended publication of certain statistical information, except for the consumer price index, for the periods of 2022.</p> <p>With due consideration of the above, the activity was implemented with account of such restrictions, which were deepened by the overall unpredictability for further course of hostilities.</p> <p>Also, in pursuance of Law of Ukraine No. 2134-IX of 15.03.2022 “On Amending Section VI ‘Final and Transitional Provisions’ of the Budget Code of Ukraine and Other Legislative Acts of Ukraine”, the rules of Article 33 of the Budget Code of Ukraine and related rules regarding the Budget</p>

				Declaration shall not be applied during the martial law.
56. Drawing up a structural macroeconomic model and computable general equilibrium model	Ministry of Economy	a new toolkit for macroeconomic forecasting has been developed	Q4 2024	Not due yet.
57. Comprehensive revision of the methodology for forecasting budget revenues	Ministry of Finance	MoF orders to that effect have been issued	Q4 2023	Not due yet.
58. Ensuring further improvement of the transparency of the macroeconomic forecast process	Ministry of Economy	a summary of the modelling mechanism used in forecasting has been published	Q4 2025	Not due yet.
59. Ensuring further improvement of the transparency of the budget revenue forecasting process	Ministry of Finance	a summary of the actual modelling mechanism used in forecasting has been published	Q4 2024	Not due yet.
60. Capacity building in the sphere of forecasting macroeconomic indicators	Ministry of Economy	training on improvement of the tools for macroeconomic forecasting has been conducted (based on the results, the percentage of employees trained is indicated)	on a continuous basis	In progress (Completed in terms of training in 2022). In quarter IV of 2022, the training workshop was conducted for more than 35 employees of the Ministry of Economy to share best practices in the field of macroeconomic forecasting and modelling of economic and social development of the state, including assessment of impact of economic policy decisions upon economic and social development of the state (the workshop was conducted online from 28.11.2022 until 30.11.2022) within the project "European Practice of Assessing Macroeconomic Impact of Economic Policy Decisions upon Development of the National Economy" and the technical assistance instrument TAIX.

61. Capacity building in the sphere of forecasting budget revenue indicators	Ministry of Finance STS State Customs Service	training on improvement of the tools for forecasting budget revenues has been conducted (based on the results, the percentage of employees trained is indicated)	on a continuous basis	In progress.
62. Capacity building in the sphere of state strategic planning	Ministry of Economy Ministry of Finance other ministries	training on the development, implementation, monitoring and evaluation of the implementation of strategic planning documents has been conducted	on continuous basis, starting from 2023	Not due yet.³⁰
7. Medium-term budget planning				
7.1. Setting up reliable medium-term framework for state budget planning				
63. Development of a methodology for preparing proposals for the Budget Declaration, in particular, as regards the estimation of base expenditures, and approaches to the distribution of marginal expenditures in the medium-term perspective	Ministry of Finance	appropriate legal and normative act has been adopted	Q1 2022	Implemented. The following order of the Ministry of Finance was issued: No. 207 of 21.07.2022 "On Approving the Guideline on Preparing Proposals on the Budget Declaration" (registered with the Ministry of Justice on 04.08.2022 under No. 882/38218).

³⁰ The expert forum on strategic management in public institutions was held on 26.01.2023 at the initiative of the EU representatives within the EU Twinning project; the matters of strategic planning, cooperation of public institutions in connection with strategic priorities, and performance management were considered. The event provided for participation of representatives of the public institutions of Lithuania and Portugal, OECD and SIGMA experts. The representatives of the Ministry of Finance, the Ministry of Economy, the Ministry of Energy, the Ministry of Digital Transformation, the NACS, the Office of the President of Ukraine and others were invited.

64. Update of the methodology of drawing up budget requests for the draft State Budget of Ukraine for the respective year, in particular, as regards the drawing up budget requests by main spending units within the marginal expenditures and loans approved by the Budget Declaration; identification of cases of adjustment of thresholds approved by the Budget Declaration	Ministry of Finance	appropriate legal and normative act has been adopted	Q1 2022	Implemented The following order of the Ministry of Finance was issued: No. 450 of 21.12.2022 "On Approving the Guideline on Preparing Budget Requests" ³¹ . Order of the Ministry of Finance No. 208 of 21.07.2022 "On Special Aspects of Submitting Budget Requests during the Martial Law" (registered with the Ministry of Justice on 01.08.2022 under No. 861/38197) created the preconditions for efficient interaction of the main spending units and the Ministry of Finance during the drafting of the State Budget of Ukraine for 2023 in the context of martial law, via transition from paper to electronic records management in submission of budget requests via the system for electronic interaction of the executive authorities.
65. Making comparison of the key actual indicators of the state budget for the reporting budget period with the indicators provided by the Budget Declaration for the corresponding period	Ministry of Finance	the comparison of the actual indicators of the State Budget of Ukraine for 2022 with the indicators provided by the Budget Declaration for 2022–2024 is included in the Budget Declaration for 2024–2026	Q2 2023	In progress.
66. Drawing up proposals on reduction in the number of main spending units with a view to strengthen the strategic orientation of the budget process	Ministry of Finance Ministry of Justice Ministry of Economy	proposals on reduction in the number of main spending units during the drafting of the Law of Ukraine "On the State Budget of	Q3 2022	Implemented. When the draft Law of Ukraine "On the State Budget of Ukraine for 2023" was drafted, the list of the main spending units was consistent with the war-time needs. Moreover, according to Resolution of the Cabinet of Ministers of Ukraine No. 1343 of 02.12.2022, it was decided to reorganise the

³¹ The order was registered with the Ministry of Justice on 22.02.2023 under No. 322/39378.

Ukraine for 2023” have been developed

Ministry for Communities and Territories Development of Ukraine by incorporating it into the Ministry for Communities, Territories and Infrastructure Development of Ukraine.

It is prescribed by point 4 of Resolution of the Cabinet of Ministers of Ukraine No. 1400 of 17.12.2022 “Certain Matters of Activity of the System of the Central Executive Authorities”, which entered into force on 20.12.2022 that Resolution of the Cabinet of Ministers of Ukraine No. 197 of 30.04.2014 “On Approving the Regulation on the Ministry for Communities and Territories Development of Ukraine” (as amended) ceased to be in force from 19.03.2023.

Therefore, the functions and powers of the Ministry for Communities and Territories Development of Ukraine were transferred to the Ministry for Communities, Territories and Infrastructure Development of Ukraine.

7.2. Strengthening the financial and economic validity of the decisions of the Cabinet of Ministers of Ukraine

67. Putting in place consultations as regards the possible impact on the indicators of state and/or local budgets, with the MoF at the stage of drafting normative and legal acts

Ministry of Finance
Ministry of Justice
Secretariat of the Cabinet of Ministers of Ukraine

proposals on the amendments to the Rules of Procedure of the Cabinet of Ministers of Ukraine have been developed

Q2 2022

In progress.

According to paragraph 55² Rules of Procedure of the Cabinet of Ministers of, the Prime Minister or another member of the Cabinet of Ministers in consultation with the Prime Minister shall have the right to submit a draft act to the Cabinet of Ministers of Ukraine for consideration without having to adhere to the approval and consultation requirements of this Regulation during the martial law in Ukraine in an emergency that requires an immediate decision.

					The activity will be resumed after the martial law is terminated or cancelled.
68. Strengthening the requirements to financial and economic feasibility of draft legal and normative acts, and to their compliance with budget legislation	Ministry of Finance Secretariat of the Cabinet of Ministers of Ukraine		proposals on the amendments to the Rules of Procedure of the Cabinet of Ministers of Ukraine have been developed	Q2 2022	In progress. According to paragraph 55 ² Rules of Procedure of the Cabinet of Ministers of, the Prime Minister or another member of the Cabinet of Ministers in consultation with the Prime Minister shall have the right to submit a draft act to the Cabinet of Ministers of Ukraine for consideration without having to adhere to the approval and consultation requirements of this Regulation during the martial law in Ukraine in an emergency that requires an immediate decision. The activity will be resumed after the martial law is terminated or cancelled.
69. Monitoring of draft acts for the availability and quality of financial and economic calculations submitted by the chief drafter	Ministry of Finance Secretariat of the Cabinet of Ministers of Ukraine	of of of of	positive conclusions of the MoF as to the proper quality of financial and economic calculations to the draft acts or draft laws adopted or approved by the Cabinet of Ministers of Ukraine	on a continuous basis	In progress. According to paragraph 55 ² Rules of Procedure of the Cabinet of Ministers of, the Prime Minister or another member of the Cabinet of Ministers in consultation with the Prime Minister shall have the right to submit a draft act to the Cabinet of Ministers of Ukraine for consideration without having to adhere to the approval and consultation requirements of this Regulation during the martial law in Ukraine in an emergency that requires an immediate decision.
7.3. Raising budgetary discipline and improving budget planning					
70. Improving the procedure for redistribution of state budget expenditures within the overall amount of budget assignments of the main	Ministry of Finance		amendments to relevant legal and normative acts have been made	Q3 2022	In progress. The activity has been temporarily suspended as it is inexpedient to introduce restrictions in redistribution of state budget expenditures during the martial law

spending unit during the budget year				in Ukraine; it will be resumed after the martial law is terminated or cancelled.
71. Automation of planning and monitoring of the state budget implementation	Ministry of Finance	relevant information and analytical system has been developed and implemented	Q4 2024	<p>Not due yet.</p> <p>In 2022, the EU4PFM Project included organisation of development of the Technical Specification for Development of the IT System of the Ministry of Finance “State Budget – Ministry of Finance”, and the Automated Information System for Online Interactions with Administrators of State Budget Funds (WebCFA AIS).</p>
72. Determining the procedure for formation of the payroll budgets in public authorities	NACS Ministry of Finance	appropriate legal and normative act has been adopted	Q1 2022	<p>In progress.</p> <p>The draft Resolution of the Cabinet of Ministers of Ukraine “On Approving the Procedure for Forming the Payroll Budget of Civil Servants in the Public Authority” has been sent to the Cabinet of Ministers of Ukraine for consideration (letter of the NACS No. 373/92.1-22 of 22.01.2022). According to points 4 and 5 of minutes of the meeting of the temporary work group of the Inter-Institutional Work Group on Reformation of the Labour Remuneration System of Civil Servants No. 49907/3/1-21 of 01.12.2022, the draft Resolution was returned to the NACS for modification, in particular, with account of the results of the experimental procedure of application of the Procedure for Forming the Payroll Budget of Civil Servants in the Public Authority.</p> <p>The draft Resolution of the Cabinet of Ministers of Government regarding implementation of the experimental Procedure for Forming the Payroll Budget of Civil Servants in the Public Authority has been submitted to the Government for</p>

				consideration (letter of the NACS No.123/92-23 of 11.01.2023).
73. Capacity building as regards medium-term budget planning	Ministry of Finance other central executive authorities	training on medium-term budget planning has been conducted (based on the results, the number of employees trained is indicated)	on a continuous basis	In progress. The main spending units are supported in the matters of medium-term budget planning via instruction letters, consultations etc.
7.4. Development of local medium-term budget planning				
74. Development of a standard form of a local budget forecast	Ministry of Finance, all-Ukrainian associations of local self-government bodies (by agreement)	appropriate legal and normative act has been adopted	Q1 2022	Implemented. The standard form of a local budget forecast has been approved by Order of the Ministry of Finance No. 314 of 02.06.2021 "On Approving the Standard Form of Local Budget Forecasting and the Guideline on Development Thereof" (registered with the Ministry of Justice on 05.07.2021 under No. 879/36501).
75. Determining the organisational and methodological principles of local budget forecasting, including a standard forms	Ministry of Finance	appropriate legal and normative act has been adopted	Q1 2022	Implemented. The Guideline on Local Budget Forecasting was approved by Order of the Ministry of Finance No. 314 of 02.06.2021 "On Approving the Standard Form of Local Budget Forecasting and the Guideline on Development Thereof" (registered with the Ministry of Justice on 05.07.2021 under No. 879/36501). Also, pursuant to paragraph 1 of Article 75 of the Budget Code, the oblast state administrations and the executive body of the Kyiv City Council (Kyiv City State Administration) shall be informed of special aspects of calculations for local budget forecasts.

76. Approval of local budget forecasts in the form of medium-term budget planning documents	local state administration s and local councils' executive authorities (by agreement)	appropriate legal and normative act has been adopted	on the annual basis in Q3	In progress. In pursuance of Law of Ukraine No. 2134-IX of 15.03.2022 "On Amending Section VI 'Final and Transitional Provisions' of the Budget Code of Ukraine and Other Legislative Acts of Ukraine", Article 75' of the Budget Code of Ukraine regarding local budget forecasts shall not be applied.
77. Creating a system for monitoring local budget forecasts by automating basic processes, organising communication systems and data transfer	Ministry of Finance local state administration s and local councils' executive authorities (by agreement)	software has been developed and implemented	Q1 2022	Implemented. In order to analyse performance of automation of processes in the field of public finance management at the local level due to introduction of latest information technologies in creation of budget documents and processing of data therein, the Ministry of Finance created the separate report to monitor approval of local budget forecasts as a medium-term budget planning document in LOGICA Information and Analytical System for Management of Local Budget Planning and Implementation.
78. Gender mainstreaming in local budget forecasts (by decision of the body drafting the local budget forecast)	local state administration s local councils' executive authorities (by agreement)	information on gender mainstreaming in local budget forecasts approved has been included	on the annual basis in Q3	In progress. In pursuance of Law of Ukraine No. 2134-IX of 15.03.2022 "On Amending Section VI 'Final and Transitional Provisions' of the Budget Code of Ukraine and Other Legislative Acts of Ukraine", Article 75' of the Budget Code of Ukraine shall not be applied. At the same time, it is also provided for by Order of the Ministry of Finance No. 314 of 02.06.2021 "On Approving the Standard Form of Local Budget Forecasting and the Guideline on Development Thereof" (registered with the Ministry of Justice on 05.07.2021 under No. 879/36501) that when

				the local budget forecast is prepared, gender aspects have to be considered in order to reduce gender gaps, weaken negative trends and enhance positive trends in the corresponding area / field, with account of satisfaction of gender needs and interests.
79. Strengthening of the local self-governments' capacity as regards medium-term budget planning	Ministry of Finance all-Ukrainian associations of local self-government bodies (by agreement) local state administrations local councils' executive authorities (by agreement)	training materials have been developed and training of the members of local self-governments on medium-term budget planning has been conducted (based on the results, the number of bodies where training was conducted and the number of persons trained are indicated)	on a continuous basis	In progress. The training was not conducted in 2022 in connection with the martial law. In pursuance of Law of Ukraine No. 2134-IX of 15.03.2022 "On Amending Section VI 'Final and Transitional Provisions' of the Budget Code of Ukraine and Other Legislative Acts of Ukraine", Article 75' of the Budget Code of Ukraine shall not be applied.
8. Programme-based budgeting				
8.1. Optimisation of budget programmes and strengthening their compliance with public policy goals				
80. Analysis of budget programmes and finding optimal approaches to their formation by the main spending units	Ministry of Finance main spending units	proposals / guidance materials on improving approaches to the formation of budget programmes by the main spending units have been prepared	Q1 2022	Implemented. As a part of this activity, a number of budget programmes based on budget requests and passports of budget programmes for the previous budget periods were processed. The corresponding proposals, which were used as a basis of the draft Guidelines on Formation of Budget Programmes by the Main Spending Units, were prepared.
81. Improving approaches to the formation of budget	Ministry of Finance	appropriate legal and normative act has been adopted	Q2 2022	In progress. The draft Guidelines on Formation of Budget Programmes by the Main Spending

programmes by the main spending units		Units are being modified with account of the requirements for budget proposals and budget requests (points 63 and 64 of this Action Plan).	
82. Revision and update of budget programmes by main spending units with an account taken of the new approaches to the formation of budget programmes	main spending units Ministry of Finance	budget requests to the draft State Budget of Ukraine for the respective year have been submitted by main spending units with an account taken of the new approaches	Q3 2023 Not due yet.
83. Improving the efficiency of verification of state payments	Ministry of Finance Ministry of Social Policy	information and analytical platform of electronic verification and monitoring has been improved; proposals on the planned indicators of budget programmes in the social sphere have been submitted on the basis of determining the impact of various factors on those, based on the analysis of the historical data on the recipients.	Q1 2024 Not due yet. The information and analytical platform of electronic verification and monitoring was additionally improved in 2022, in particular, via development of the automated information exchange (API) with the entities providing information, namely: - with the Ministry of Justice – regarding receipt of information from the State Register of Civil Status Acts on marriage and dissolution of marriage as well as from the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organisations; - with the STS – regarding data on employment / conclusion of gig contracts. Verification also covered new state payments, including the ones introduced during the martial law, namely: - aid within E-Support Programme; - compensation for the employer's expenses for labour remuneration for hiring internally displaced persons as a

				result of hostilities during the martial law in Ukraine. New state payment verification algorithms were developed, and the existing ones were improved in 2022.
84. Updating approaches to application of programme-based budgeting	Ministry of Finance	proposals have been developed	Q4 2022	In progress Performance of the activity requires additional time in connection with the martial law. The concept of improvement of programme-based budgeting was presented by the experts of the Reforms Delivery Office at the Ministry of Finance of Ukraine on 20.01.2022 to the Budget Committee of the Verkhovna Rada of Ukraine.
85. Strengthening the capacity to use the programme-based budgeting in the budget process	Ministry of Finance other central executive authorities	training has been conducted (based on the results, the number of bodies where training was conducted and the number of persons trained are indicated)	on a continuous basis	In progress. The main spending units are supported in the matters of use of the programme-based budgeting in the budget process via instruction letters, consultations etc.
8.2. Making regular reviews of state budget expenditures				
86. Determining spheres, goals and time-limits for cost reviews	Ministry of Finance main spending units	draft act of the Cabinet of Ministers of Ukraine has been drawn up	on the annual basis in Q2	In progress. The Cabinet of Ministers of Ukraine did not take a decision to carry out cost reviews in 2022 in connection with the martial law.
87. Making cost reviews in the above spheres	main spending units Ministry of Finance	reports on the results of cost reviews, which contain proposals for optimisation thereof	on the annual basis in Q4	In progress. The Cabinet of Ministers of Ukraine did not take a decision to carry out cost reviews in 2022 in connection with the martial law. The reports on the state budget cost reviews completed after the imposition of the martial law were not made public in connection with the adoption of Law of Ukraine No. 2134-IX of 15.03.2022.

88. Conducting monitoring of the progress of reviewing state budget expenditure	Ministry of Finance main spending units	timely and high-quality expenditure reviews are ensured with the publication of relevant information on the official websites of the Ministry of Finance and the main spending units	on a continuous basis	<p>In progress.</p> <p>The Cabinet of Ministers of Ukraine did not take a decision to carry out cost reviews in 2022 in connection with the martial law. In pursuance of Law of Ukraine No. 2134-IX of 15.03.2022 “On Amending Section VI ‘Final and Transitional Provisions’ of the Budget Code of Ukraine and Other Legislative Acts of Ukraine”, the rule regarding publication of cost review reports (Article 28(5) of the Budget Code of Ukraine) shall not be applied during the martial law.</p> <p>In 2021, the reviews covered sixteen areas of expenditures of nine main spending units. In fifteen areas, the cost reviews were completed, and fourteen reports were prepared, and the decision of the Government of Ukraine was adopted on nine of them. Thirteen reports were published.</p>
89. Improving the methodology of conducting cost reviews in relevant spheres with the determination of their regularity with a view to ensuring full integration into the budgeting process	Ministry of Finance	amendments to legal and normative acts have been made	Q4 2023	Not due yet.
8.3. Effective performance monitoring				
90. Evaluating the effectiveness of budget programmes in accordance with the updated methodology	main spending units	publication of information on the results of the evaluation of the effectiveness of budget programmes for the reporting period by the main	on the annual basis in Q1	<p>In progress (Completed in 2022 with account of the martial law reality).</p> <p>In pursuance of Law of Ukraine No. 2134-IX of 15.03.2022 “On Amending Section VI ‘Final and Transitional Provisions’ of the Budget Code of Ukraine and Other Legislative Acts of Ukraine”, the rules of Article 28(5) of the Budget Code of Ukraine shall not be applied during the martial law.</p>

		spending units has been ensured		At the same time, individual MSU posted information on findings of budget programme performance assessment on their websites since such publication did not pose a threat for national security. In particular, the Ministry of Finance ensured publication of information on findings of budget programme performance assessment under DCC 350 "Ministry of Finance of Ukraine" for 2021 on the official website of the Ministry here: https://mof.gov.ua/uk/ocinka-efektivnosti-bjudzhetnih-program .
91. Monitoring publications by the main spending units of information on the results of the evaluation of the effectiveness of budget programmes for the reporting period	Ministry of Finance	monitoring results have been posted on MoF's official website	on the annual basis in Q2	In progress (Completed in 2022 with account of the martial law reality). In pursuance of Law of Ukraine No. 2134-IX of 15.03.2022 "On Amending Section VI 'Final and Transitional Provisions' of the Budget Code of Ukraine and Other Legislative Acts of Ukraine", the rules of Article 28(5) of the Budget Code of Ukraine shall not be applied during the martial law. With account of the martial law, the results of the budget programme efficiency assessment for 2021 were published by around 50% of the main spending units ³² .
92. Analysis of the need to improve the organisational and methodological framework for assessing the effectiveness of budget programmes	Ministry of Finance main spending units	an analytical note and relevant proposals have been prepared	Q4 2023	Not due yet.

³² Order of the Ministry of Finance No. 41 of 26.01.2023 (registered with the Ministry of Justice on 09.02.2023 under No. 262/393183) introduced the special aspects of reporting on implementation of budget programme passports for 2022 and budget programme efficiency assessments for 2022.

93. Conducting gender analysis of budget programmes	main spending units	each main spending unit has conducted gender analysis of at least one budget programme	on the annual basis in Q2, starting from 2022	In progress (Completed in 2022 with account of the martial law reality). According to the information furnished by the main spending units together with the budget requests during the preparation of the draft State Budget of Ukraine for 2023, gender analysis was conducted for 135 budget programmes. Fifty budget programmes included into the draft State Budget of Ukraine for 2023 consider the gender aspect and describe it in their characteristics.
8.4. Improving the programme-based budgeting at the local level, including the application of a gender-oriented approach in the budgeting				
94. Improvement of a standard form of the budget request to a local budget with an account taken of development of local medium-term budget planning	Ministry of Finance	proposals on the amendments to the standard forms of budget requests and guidelines have been drawn up	Q2 2022	In progress. In pursuance of Law of Ukraine No. 2134-IX of 15.03.2022 "On Amending Section VI 'Final and Transitional Provisions' of the Budget Code of Ukraine and Other Legislative Acts of Ukraine", the rules of Article 75 ¹ (regarding medium-term budget planning) of the Budget Code of Ukraine shall not be applied during the martial law. The activity will be resumed within three months after the martial law is terminated or cancelled.
95. Optimisation of the Standard Programme Cost Classification and local budget crediting	Ministry of Finance Ministry of Education and Science Ministry of Health MCIP Ministry of Social Policy Ministry of	proposals on amendments to the Standard Programme Cost Classification and Local Budget Crediting have been developed	Q4 2022	In progress. The amendments to the Standard Programme Cost Classification and Local Budget Crediting were made to improve budget classification approved by Order of the Ministry of Finance No. 453 of 21.12.2022. At the same time, the amendments to Order of the Ministry of Education and Science No. 992 of 10.07.2017 "On Approving the Standard List of Budget Programmes and Their Performance Indicators for Local

	Youth and Sports, MCDT Ministry of Infrastructure			Budgets in the Field of Education” (as amended) were developed.
96. Guidelines on the Application of Codes of the Standard Programme Cost Classification and Local Budget Crediting have been approved	Ministry of Finance	guidelines have been developed	Q4 2022	In progress. In 2022, optimisation of the Standard Programme Cost Classification and Local Budget Crediting was not carried out due to the martial law. The activity will be resumed after the martial law is terminated / cancelled.
97. Improving the system of local budget programmes’ performance indicators, in particular, by introducing a unified list of indicators and taking into account a gender-oriented approach	Ministry of Finance Ministry of Education and Science Ministry of Health MCIP Ministry of Social Policy, Ministry of Youth and Sport MCDT, Ministry of Infrastructure	proposals on the amendments to the local budget programmes’ performance indicators have been developed	Q2 2023	Not due yet.
98. Improvement of the Rules of drawing up local budget programme certificates and reports on implementation thereof	Ministry of Finance	proposals on amendments to the Rules of drawing up local budget programme certificates and reports on implementation thereof have been developed, and	Q4 2024	Not due yet.

		amendments thereto have been made		
99. Strengthening of the local self-governments' capacity as regards application of programme-based budgeting in the budgeting process	Ministry of Finance all-Ukrainian associations of local self-government bodies (by agreement) local state administrations local councils' executive authorities (by agreement)	training materials have been developed and training of the members of local self-governments on application of programme-based budgeting in the budgeting process has been conducted (based on the results, the number of bodies where training was conducted and the number of persons trained is indicated)	on a continuous basis	In progress.
9. Inter-budget relations and fiscal decentralisation				
9.1. Clear division of powers between executive bodies and local self-government bodies				
100. Clear division of powers between executive bodies and local self-government bodies in accordance with the subsidiarity principle	MCDT other central executive authorities all-Ukrainian associations of local self-government bodies (by agreement)	draft laws have been approved by the Cabinet of Ministers of Ukraine and submitted to the Verkhovna Rada of Ukraine	Q1 2022	Implemented. The Government approved and submitted to the Verkhovna Rada of Ukraine the draft Laws "On Amending Certain Legislative Acts as to Decentralisation and Division of Powers of Local Self-Government Bodies and Executive Authorities due to Changes in the Administrative and Territorial Structure" (registration No. 6282 of 04.11.2021) and "On Amending the Law of Ukraine 'On Local Self-Government in Ukraine' as to Division of Powers of Local Self-Government Bodies due to Changes in the Administrative and Territorial Structure" (registration No. 6281 of 04.11.2021), which were included into the agenda of the eighth session of the ninth

convention of the Verkhovna Rada of Ukraine (Resolution of the Verkhovna Rada of Ukraine No. 2557-IX of 06.09.2022). The draft laws propose amendments to the Law of Ukraine "On Local Self-Government in Ukraine" and industry-specific legislation regarding:

- determination of the same powers of village, urban-type settlement and city councils and their executive bodies (without division into city councils of cities of raion significance or cities of oblast significance, councils of united territorial communities);
- division of powers of village, urban-type settlement and city councils and their executive bodies, raion and oblast councils, raion and oblast state administrations;
- elimination of duplicated powers of local self-government bodies of different levels³³.

9.2. Increase of the local self-government bodies' own financial resources

101. Carrying out analysis of possible options for changes in approaches to charging personal income tax in respect of natural persons working as salaried employees	Ministry of Finance MCDT STS all-Ukrainian association of local self-government bodies (by agreement)	an analytical report indicating the benefits and risks of each of the possible options has been prepared	Q1 2022	<p>Implemented.</p> <p>By the order of the Chairman of the Committee of the Verkhovna Rada of Ukraine on Finance, Taxation and Customs Policy D. Hetmantsev, the Committee has established the work group to develop the uniform concept of the procedure for transferring the individual income tax to budgets.</p> <p>The work group in the Committee of the Verkhovna Rada of Ukraine on Finance, Taxation and Customs Policy and representatives of the Ministry of Finance drafted the Law of Ukraine "On Amending the Tax Code of Ukraine as to Improvement</p>
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³³ The draft laws were excluded from the agenda on 07.02.2023.

				of the Procedure for Assessing, Withholding and Paying (Transferring) the Individual Income Tax to the Budget” (registration No. 8122-1 of 25.10.2022), which was submitted by Members of the Parliament of Ukraine Yu. O. Didenko, D. O. Hetmantsev, I. V. Allakhverdiieva, V. O. Kinzburska, O. R. Marusiak, N. P. Yuzhanina. Pursuant to the regulatory requirements, the Ministry of Finance is accompanying the draft law, registration No. 8122-1, in the committees of the Verkhovna Rada of Ukraine.
102. Establishing the exchange of information between local self-governments and tax authorities	Ministry of Finance STS all-Ukrainian association of local self-government bodies (by agreement)	proposals have been developed and relevant legal and normative acts have been adopted; an opportunity has been given to local self-governments to use tax information from STS information and telecommunications systems and other sources when performing their official duties.	Q1 2022	Implemented. In pursuance of Law of Ukraine No. 1914 of 30.11.2021 “On Amending the Tax Code of Ukraine and Other Legislative Acts of Ukraine as to Balance of Budget Revenues”, the Ministry of Finance issued Order No. 59 of 10.02.2022 “On Amending Order of the Ministry of Finance of Ukraine No. 723 of 23 November 2020”, which was registered with the Ministry of Justice on 28.02.2022 under No. 259/37595. This Order approved the Procedure for Tax Reporting of the Regulatory Authorities by Tax Payers (Legal and Natural Persons) to the Local Self-Government Bodies. Within the framework of service contracts for supporting, maintaining and adapting the software of the information and communication system (hereinafter the “ICS”) “Electronic Account” No. 57 of 05.08.2022 and adapting the software of the ICS “Tax Block” No. 86 of 24.11.2022, the orders were fulfilled regarding reporting to the local self-government bodies by

				<p>sources of income and by taxpayers via the ICS "Electronic Account" and IAS "LOGICA". The private part of the Electronic Account enables to submit a request for information on taxpayers to the local self-government body, to receive such information on taxpayers (legal and natural persons) and sources of income after it is successfully processed:</p> <ul style="list-style-type: none"> - on amounts of taxes and/or levies assessed and paid, amounts of the tax debt and excessive taxes and/or levies paid to the local budgets; - on the amount of the taxpayers' tax debt written off; - on the amount of the taxpayers' tax liabilities paid by instalments and deferred and/or tax debt; - on amounts of the tax benefits granted.
103. Formation of the local self-governments' resource base in accordance with their powers established under the principle of subsidiarity	Ministry of Finance MCDT other central executive authorities all-Ukrainian association of local self-government bodies (by agreement)	draft law on amendments to the Budget Code of Ukraine has been approved by the Cabinet of Ministers of Ukraine and submitted to the Verkhovna Rada of Ukraine	Q4 2022	<p>In progress.</p> <p>Implementation of this activity depends on implementation of point 100 of this Action Plan (regarding improvement of division of powers between executive authorities and local self-government bodies based on the subsidiarity principle), i.e. adoption of the draft Laws "On Amending Certain Legislative Acts as to Decentralisation and Division of Powers of Local Self-Government Bodies and Executive Authorities due to Changes in the Administrative and Territorial Structure" (registration No. 6282 of local self-government) and "On Amending the Law of Ukraine 'On Local Self-Government in Ukraine' as to Division of Powers of Local Self-Government Bodies due to Changes in</p>

104. Development of approaches to assessment of the local communities' financial capacity	Ministry of Finance MCDT local state administrations all-Ukrainian association of local self-government bodies (by agreement)	indicators of the local communities' financial capacity have been developed	Q1 2022	<p>the Administrative and Territorial Structure" (registration No. 6281 of 04.11.2021).</p> <p>In progress.</p> <p>The Guideline on Forming Capable Territorial Communities was approved by Resolution of the Government No. 214 of 08.04.2015 (as amended by Resolution of the Government No. 34 of 24.01.2020). The Ministry for Communities and Territories Development of Ukraine in partnership with the OSCE Project Co-ordinator in Ukraine developed and presented on 22.04.2021 the Information and Analytical Portal of Capacity of Territorial Communities, which enables to assess each community based on fifteen indicators and specific demographic, infrastructural, financial and other data.</p> <p>One of the capacity assessment criteria is an index of the tax capacity of the territorial community budget. In case the index of the tax capacity of the territorial community budget is less than 0.9, the territorial community is incapable and gets the base subsidy from the state budget.</p> <p>In that regard, Law of Ukraine No. 2710-IX of 03.11.2022 "On the State Budget of Ukraine for 2023" changed the mechanism for horizontal alignment of the tax capacity of the local budgets for 2023.</p> <p>During the martial law and for a year after it is over, horizontal alignment of the tax capacity of the local budgets for the planned year may be carried out for the</p>
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expected corporate income tax and the individual income tax for the year prior to the planned one.

In order to keep improving the mechanism for horizontal alignment and reduce disproportion in the financial sustainability of communities, the principal matter must be the need to provide social services guaranteed by the state all over the territory.

In order to implement this approach, it is necessary to improve the mechanism for horizontal alignment and reduce disproportion in the financial sustainability of communities; the principal matter must be the need to provide social services guaranteed by the state all over the territory.

Implementation of this approach requires determining the clear list of own and delegated powers of the territorial communities, and dividing them between local self-government levels, introducing the new model to determine the quantity of the actual population of the territorial communities, and introducing financial statistics by communities in accordance with the new administrative and territorial structure.

After the mechanism for horizontal alignment of the tax capacity of local budgets is changed, the Ministry of Finance within its competence will submit proposals to the MCDT regarding modified criteria to assess the capacity of territorial communities.

9.3. Improving the mechanism of financial support of expenditure powers delegated by the state to local self-government bodies and local executive authorities

105. Improvement (review) of the mechanism of fiscal equalisation with an account taken of updated powers of local self-governments	Ministry of Finance other central executive authorities all-Ukrainian associations of local self-government bodies (by agreement)	draft law on amendments to the Budget Code of Ukraine has been approved by the Cabinet of Ministers of Ukraine and submitted to the Verkhovna Rada of Ukraine	Q4 2022	<p>In progress.</p> <p>The conditions for functioning of the economy have changed in the country in general and in individual territories in connection with the full-scale invasion of Ukraine by the Russian Federation. Temporary occupation of certain territories of Ukraine by the Russian Federation and hostilities materially affect indicators of social and economic development of the territorial communities whereas absence of sustainable statistical information and uncertainty about duration of hostilities and their effects have actually made it impossible to forecast revenues and expenditures of the local budgets.</p> <p>Use of data on actual payment of the corporate income tax and the individual income tax in 2021 for horizontal alignment of the tax capacity of the local budgets for 2023 as prescribed by Articles 98, 99 of the Budget Code of Ukraine is inconsistent with the real situation in the communities. In that regard, Law of Ukraine No. 2710-IX of 03.11.2022 "On the State Budget of Ukraine for 2023" changed the mechanism for horizontal alignment of the tax capacity of the local budgets for 2023; in particular, horizontal alignment was carried out for:</p> <ul style="list-style-type: none"> - oblast budgets separately for the corporate income tax received from January to August 2022, and for the individual income tax expected in 2022;
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- budgets of the territorial communities for the individual income tax expected in 2022. During the martial law and for a year after it is over, horizontal alignment of the tax capacity of the local budgets for the planned year may be carried out for the expected corporate income tax and the individual income tax for the year prior to the planned one.

The expected tax revenues will be calculated with account of actual tax revenues from January to August and expected revenues from September to December calculated based on the monthly average tax revenues from January to August of the year prior to the planned one.

In order to keep improving the mechanism for horizontal alignment and reduce disproportion in the financial sustainability of communities, the principal matter must be the need to provide social services guaranteed by the state all over the territory.

For this approach to be implemented, the following needs to be done:

- to determine the clear list of own and delegated powers of the territorial communities, and to divide them between local self-government levels by amending the Law of Ukraine “On Local Self-Government in Ukraine”;
- to introduce the new model to determine the quantity of the actual population of the territorial communities that is used to calculate horizontal alignment of the tax capacity of the territories to the actual

				<p>indicators (material differences between the statistical data and actual data of the actual population in the communities result in distortion of horizontal alignment data);</p> <p>- to introduce financial statistics by communities in accordance with the new administrative and territorial structure.</p>
106. Review and approval of updated social standards and standards for the provision of state-guaranteed services in descriptive and value terms by each of delegated powers	Ministry of Education and Science Ministry of Social Policy all-Ukrainian associations of local self-governing bodies (by agreement)	appropriate legal and normative act has been adopted	Q1 2022	<p>In progress.</p> <p>The act on review of social standards and standards for the provision of state-guaranteed services in descriptive and value terms for each delegated power is now being drafted.</p>
107. Improving approaches to financing regional development projects from the State Regional Development Fund	MCDT Ministry of Finance	clear performance indicators of the relevant budget programme have been determined	Q2 2022	<p>In progress.</p> <p>The amendments to the Budget Code of Ukraine made by Law of Ukraine No. 2042-IX of 15.02.2022 changed the approaches to division and direction of funds from the State Regional Development Fund for implementation of investment programmes and regional development projects. Law of Ukraine No. 2389-IX of 09.07.2022 "On Amending Certain Legislative Acts of Ukraine as to the Fundamentals of the State Regional Policy and the Policy for Recovery of Regions and Territories" elaborated the principles of state support of regional development and determined the directions thereof.</p>

				<p>In connection with the armed aggression of the Russian Federation against Ukraine, Resolution of the Cabinet of Ministers of Ukraine No. 199 of 04.03.2022 “Matters of Paying One-Time Financial Assistance to the Insured in 2022 in Connection with Loss of a Part of Wages (Income), with Their Work (Economic Activity) Temporarily Suspended as a Result of Hostilities during the Martial Law in Ukraine” reduced the expenditures allocated to the MCDT for 2022 within programme 2761070 “State Regional Development Fund” (UAH 5.205 billion).</p> <p>The Law of Ukraine “On the State Budget of Ukraine for 2023” provided for the expenditures of the State Regional Development Fund in the amount of UAH 2 billion.</p>
108. Implementation of the system for benchmarking local budgets	Ministry of Finance local state administrations local councils’ executive authorities (by agreement) all-Ukrainian associations of local self-government bodies (by agreement)	benchmarking methodology has been developed	Q4 2024	Not due yet.
9.4. Enhancement of financial transparency and accountability of local self-government bodies				

109. Analysis of the powers of the bodies authorised to monitor compliance with budget legislation as regards local budgets in the context of decentralisation reform	Ministry of Finance MCDT State Audit Service Accounting Chamber (by agreement) local state administration s local councils' executive authorities (by agreement) all-Ukrainian associations of local self-government bodies (by agreement)	an analytical report and proposals on making the necessary amendments to the legislation have been prepared	Q3 2022	In progress. The activity has been suspended until the martial law is terminated, and the situation in the country gets stabilised.
110. Preparation of the proposals as regards changes in the powers of the bodies authorised to monitor compliance with budget legislation as regards local budgets in the context of budget decentralisation, with an account taken of the parameters and structure of relevant local budgets	Ministry of Finance MCDT State Audit Service Accounting Chamber (by agreement) local state administration s local councils' executive authorities (by agreement)	draft laws have been drawn up and approved by the Cabinet of Ministers of Ukraine	Q2 2023	Not due yet.

all-Ukrainian
associations of
local self-
government
bodies
(by
agreement)

III. ENSURING EFFECTIVE BUDGET EXECUTION

10. Public procurement system

10.1. Improving the procedure for monitoring public procurement and improving access to relevant sources of information

111. Improving the process of determining automatic risk indicators based on data from the electronic procurement system and other open sources of information	State Audit Service Ministry of Finance Ministry of Economy	the corresponding order of the Ministry of Finance has been developed and issued	Q4 2022	<p>In progress.</p> <p>The State Audit Service and the Ministry of Economy work to improve the process of determining automatic risk indicators within the International Technical Assistance Project “Support to Public Procurement Reform in Ukraine” and the World Bank’s Project, which provides for development of the kit to form risk indicators for the Ukrainian national electronic procurement system Prozorro and recovery procurement monitoring within the Construction Sector Transparency Initiative (CoST). It is planned to develop the kit of risk indicators to be integrated into Prozorro system, which can be customised for specific procurement control / monitoring needs during the national reconstruction of the infrastructure destroyed by the war. The procurement procedures that will be recognised to be risky based on their indicators are going to be openly labelled as such.</p> <p>The State Audit Service sent the letter to the Head of the EU Project “Support to Public Procurement Reform in Ukraine”</p>
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				<p>regarding financing of development of algorithms for automatic risk indicators, in particular, with account of amendments to the legislation during the martial law. Also, the letter was sent to the World Bank regarding submission and consideration of an application of the State Audit Service for financing of development / improvement of the unified system of automatic risk indicators of the public financial control authority, which will include improved indicators of violations of the public procurement legislation.</p> <p>The order of the Ministry of Finance will be drafted after applicable risks and calculation algorithms in the electronic procurement system Prozorro are changed.</p>
112. Improving the electronic procurement system by ensuring the transition to electronic tender documents in the format of separate fields in the electronic procurement system	Ministry of Economy State Audit Service, State Enterprise ProZorro (by agreement)	amount of data in machine-readable format in the electronic procurement system has increased	Q4 2024	<p>Not due yet.</p> <p>The part of the information that is to be included into bidding documentation can be entered as separate fields in the electronic procurement system; in particular, it is information on the procuring entity (its location, contact details etc.); procurement procedure; item being procured; bid security; bid language; time frames for submission and opening of the bid; guarantee of performance of the contract; assessment criteria; contractual payment conditions and sources of financing.</p> <p>Moreover, information on grounds for refusing from participation in the procurement procedure (Article 17 of the Law of Ukraine “On Public Procurement”)</p>

				can be entered as separate fields in the electronic procurement system.
10.2. Improving methodological approaches to control in the field of public procurement				
113. Development of the methodological recommendations on control in the field of public procurement, in particular, as regards standardised check-lists, in the light of the best international practices	State Audit Service	methodological recommendations on public financial control in the field of public procurement have been developed and approved	Q2 2022	Implemented. Order of the State Audit Service No. 126 of 30.06.2022 (as amended on 12.07.2022 under No. 137) on approving the guidelines on public financial control in the field of public procurement, in particular, check lists for procurement procedure monitoring, was developed and approved.
11. Public investment management				
11.1. Strategic planning of public investment in the medium-term perspective				
114. Drawing up, and approval of, a medium-term plan of priority public investments in compliance with the following principles: allocation of funds for the implementation of new projects only after the allocation of sufficient resources for the effective completion of the portfolio of public investment projects earlier launched and selected; selection of projects for financing or other forms of state support, based on economic analysis and complete information on future benefits and costs of their implementation.	Ministry of Economy Ministry of Finance other ministries	medium-term planning of public investment under medium-term budget planning has been launched	on the annual basis in Q3	In progress. The main spending units were unable to submit state investment projects to the Ministry of Economy due to the full-scale invasion of Ukraine by the Russian Federation. The Law of Ukraine "On the State Budget of Ukraine for 2023" does not provide for state capital investment for development and implementation of state investment projects.
11.2. Harmonisation of approaches to assessment and selection of proposals as regards funding investment projects				

115. Generalisation and analysis of basic data on investment and operating costs based on recent representative projects	Ministry of Economy Ministry of Finance other ministries	the organisational mechanism of the analysis of the data of the investment projects financed from the state budget has been determined, and the respective analytical report has been drawn up and published	Q1 2023	Not due yet.
11.3. Building line ministries' capacity in public investment management				
116. Capacity building in public investment management, in particular, as regards cost benefit analysis	main spending units	proposals on training programmes have been developed and submitted to NACS	Q4 2022	In progress. In 2022, some of the public authorities submitted their proposals to the NACS regarding themes of the training programmes directed without limitation at enhancing knowledge in the field of public investment management.
	NACS Ministry of Economy main spending units	training on public investment management has been conducted (based on the results, the number of employees trained is indicated)	on a continuous basis	In progress (Completed in terms of training in 2022). QI-II, 2022 eleven regional advanced training centres conducted training on public investment management for 1,500 persons, including: 527 civil servants and 973 local self-government officials. In quarter IV of 2022, nine regional advanced training centres conducted training on public investment management for 2,305 persons, including: 831 civil servants and 1,474 local self-government officials.
11.4. Improvement of the procedure for monitoring of project implementation and improvement of their transparency				
117. Putting in place a centralised monitoring system for large-scale	Ministry of Economy	a centralised monitoring system has been put in place;	Q1 2023	Not due yet.

public investment projects, based on financial and other quantitative indicators for timely identification of projects posing high risk of problems emerging during their implementation, taking measures and enhanced monitoring, in particular, through development of online interfaces for reporting		integrated information and analytical system has been set up.		
118. Introduction of mandatory publications by the main spending units of the conclusions of the governmental expert assessment of state investment projects	main spending units	information has been posted on the main spending units' official websites conclusions of the governmental expert assessment of state investment projects	Q1 2022	<p>In progress.</p> <p>The activity is planned to be implemented in 2023 with the World Bank's Support within the Project "EU Public Finance Management Support Programme for Ukraine".</p> <p>After the World Bank gives its recommendations within the Project on how to improve the public investment management system, respective amendments are going to be made to the effective legislation as regards introduction of mandatory publications by the main spending units of the conclusions of the governmental expert assessment of state investment projects.</p>
119. Ensuring mandatory publications of the results of monitoring of the progress in development (implementation) of state investment projects	Ministry of Economy main spending units	results of the monitoring of the progress in development (implementation) of state investment projects have been posted on the official websites of Ministry of	on a quarterly basis	<p>In progress (Completed in terms of posting on the official websites of the MSU in 2022)</p> <p>In 2022, the main spending units organised publication of reports on monitoring of progress in development (implementation) of state investment projects on the official websites.</p> <p>In its turn, the Ministry of Economy collected all the information from the main</p>

		Economy and main spending units		<p>spending units and drew up the report on monitoring of progress in development (implementation) of state investment projects, but it was not published on the official website of the Ministry as no meetings of the Interdepartmental Commission on State Investment Projects were held because of the martial law imposed in Ukraine.</p> <p>However, according to Law of Ukraine No. 2134-IX of 15.03.2022 “On Amending Section VI ‘Final and Transitional Provisions’ of the Budget Code of Ukraine and Other Legislative Acts of Ukraine”, the rules of Article 28(5) of the Budget Code of Ukraine shall not be applied during the martial law.</p>
11.5. Improvement of the approaches to management of investment projects funded from the local budgets				
120. Drawing up methodological recommendations on management of investment projects funded from the local budget fiscal risk management	MCDT Ministry of Economy Ministry of Finance all-Ukrainian association of local self-government bodies (by agreement)	methodological recommendations have been drawn up and notified to local self-government bodies	Q3 2022	In progress.
12. Public sector accounting				
12.1. Improvement of national rules (standards) of public sector accounting				
121. Implementation of measures under the Strategy for Modernisation of the Public Sector Accounting and Financial Reporting System for the Period until 2025	Ministry of Finance	regular progress reports have been provided	Q4 2025	<p>Not due yet.</p> <p>The Report on Implementation of the Strategy for Modernisation of the Public Sector Accounting and Financial Reporting System for the Period until 2025 will be sent to the Cabinet of Ministers of Ukraine in 2023.</p>

122. Drawing up and issuance of normative and legal acts as regards national rules (standards) of public sector accounting	Ministry of Finance	relevant legal and normative acts have been adopted	Q4 2024	<p>Not due yet.</p> <p>Amendments to NR(S)PSA 121 were developed based on IPSAS 17 “Property, Plant and Equipment”, and Order of the Ministry of Finance No. 312 of 03.10.2022 “On Approving the Amendments to National Rules (Standard) of Public Sector Accounting 121 ‘Property, Plant and Equipment’ Registered with the Ministry of Justice on 18.10.2022 under No. 1254/38590” was issued.</p>
123. Ensuring cooperation with the International Federation of Accountants on translation of International Public Sector Accounting Standards (IPSAS) and respective update of national rules (standards) of public sector accounting	Ministry of Finance	translation of International Public Sector Accounting Standards (IPSAS) has been ensured; relevance of approved national rules (standards) of public sector accounting and their compliance with IPSAS international standards have been ensured.	on a continuous basis	<p>In progress (Completed in terms of implementation of the activity in 2022).</p> <p>Supplemental Agreements on the permission to translate and publish the materials protected by copyright of 19.09.2022 No. UA-MOF-T-OA9-2022 and No. UA-MOF-T-OA10-2022 between the Ministry of Finance and the International Federation of Accountants were made to obtain permission to translate IPSAS 41 “Financial Instruments”, IPSAS 42 “Social Benefits”, IPSAS 43 “Leases” and Improvements to IPSAS 2019, 2021. The electronic version of the original text of IPSAS and improvements thereto was furnished to the experts of EU4PFM Project for translation.</p> <p>The Improvements to IPSAS 2019, IPSAS 2021 and IPSAS 42 “Social Benefits” were translated within EU4PFM Project.</p>
12.2. Improving organisational framework and quality of accounting services in the public sector				
124. Development of a training programme for public sector professionals as regards application of national rules (standards) of public sector accounting	Ministry of Finance	training programme has been developed	Q2 2022	<p>Implemented.</p> <p>The special (certificate) advanced training programme “Accounting in public institutions and organisations based on the national standards” was developed for the civil servants of categories B and C and</p>

				local self-government officials (Order of the Ministry of Finance No. 368 of 09.11.2022). That programme was published at the web-portal of professional training knowledge management "Knowledge Management Portal".
125. Implementation of measures for training and advanced training of employees of state-owned institutions and compulsory state social and pension insurance funds as regards application of national rules (standards) of public sector accounting	Ministry of Finance Treasury compulsory state social and pension insurance funds	workshops, trainings and online trainings on accounting and financial reporting have been conducted (based on the results, the number of employees trained is indicated)	on a continuous basis	In progress. The training activities were to be organised and conducted by the State Tax University in accordance with Order of the Ministry of Finance No. 368 of 09.11.2022 "On Approving the Advanced Training Programme". Trainees are now being registered via the web-portal of professional training knowledge management "Knowledge Management Portal". The training under the special (certificate) advanced training programme "Accounting in public institutions and organisations based on the national standards" is scheduled for quarter II of 2023. The EU4PFM Project involves the experts who will participate in online training on accounting and financial reporting as trainers ³⁴ .
126. Formation of conceptual approaches to improvement of the organisational structure of accounting departments and the system of performance evaluation of a chief accountant of the public sector entity	Ministry of Finance Treasury compulsory state social and pension insurance funds	a new organisational structure of accounting departments of public sector entities and guidelines for performance evaluation of a chief accountant of the	Q4 2024	Not due yet. EU4PFM Project analyses the international and national best accounting practices and the organisational framework for accounting in the public sector, list of powers and qualification requirements to staff of accounting services. Proposals are being prepared to amend the Standard Regulation on the Accounting

³⁴ In April and May 2023, the first online training course was conducted for accounting staff of budget institutions under the special (certificate) advanced training programme "Accounting in public institutions and organisations based on the national standards".

		public sector entity have been developed		Service of the Budget Institution approved by Resolution of the Cabinet of Ministers of Ukraine No. 59 of 26.01.2011, and the Procedure for Assessing Discharge of Duties by the Chief Accountant of the Budget Institution approved by Order of the Ministry of Finance of Ukraine No. 1537 of 01.12.2011.
12.3. Improving the quality of information on the overall property status and performance of public sector entities and budgets				
127. Improvement of the methodology for consolidation of financial reporting	Ministry of Finance Treasury main spending units compulsory state social and pension insurance funds	relevant legal and normative acts have been adopted	Q4 2023	Not due yet.
128. Ensuring publishing of information on the overall property status and performance of public sector entities and budgets	Treasury main spending units compulsory state social and pension insurance funds	consolidation of reporting on operations on budget execution, spending units and compulsory state social and pension insurance funds and publication thereof has been ensured	on the annual basis in Q2	In progress (Completed in 2022 with account of the martial law reality). The general financial statements on the general financial position and operational results of public sector and budget entities (hereinafter the "general consolidated financial statements") were formed in the forms of Annexes 1-4 to NR(S)PSA 102 "Consolidated Financial Statements" based on the following data: financial reporting on budget execution; consolidated indicators of consolidated financial reporting on local budget execution; consolidated indicators of consolidated financial reporting of main spending units of the state budget; consolidated indicators of consolidated financial reporting of main spending units of local

budgets; consolidated indicators of consolidated financial reporting of budgets of the mandatory state social and pension insurance funds; consolidated indicators of consolidated financial reporting of the mandatory state social and pension insurance funds.

At the same time, due to the military aggression of the Russian Federation against Ukraine and imposition of the martial law in Ukraine, some of the main spending units of local budgets, namely the local budgets of Luhansk and Kherson Oblasts, were unable to make timely annual consolidated reporting for 2021 in accordance with the regulatory documents and to submit it to the Treasury within the established time frames. Thus, the Treasury organised consolidation of reporting on transactions with account of the martial law reality.

At the same time, according to Law of Ukraine No. 2134-IX of 15.03.2022 "On Amending Section VI 'Final and Transitional Provisions' of the Budget Code of Ukraine and Other Legislative Acts of Ukraine", the rules of Article 28(5) of the Budget Code of Ukraine shall not be applied during the martial law.

129. Development of a format for disclosing key differences between national and international public sector accounting standards	Ministry of Finance	disclosure of key differences between national and international public sector accounting standards has been ensured	Q4 2025	Not due yet.
12.4. Improving the procedure for disclosing information on the execution of state and local budgets in accounting				

130. Improving the modalities for the application of the Chart of public sector accounts with a view to disclosing information on the execution of state and local budgets	Ministry of Finance Treasury	relevant legal and normative acts have been adopted	Q4 2023	Not due yet. Order of the Ministry of Finance “On Approving the Amendments to Certain Legal and Normative Acts on Public Sector Accounting”, which provided for without limitation amendments to the Procedure for Applying the Plan of Bookkeeping Accounts in the Public Sector approved by Order of the Ministry of Finance No. 1219 of 29.12.2015, has been drafted. ³⁵
13. Treasury servicing of budget funds				
13.1. Enhancement of the Treasury’s institutional capacity				
131. Development of an action plan for the Treasury’s transition to operations in the format of a single legal entity, including through analysis, improvement of work processes and procedures, introduction of an effective organisational structure, defining a mechanism for delegating certain powers to heads of territorial bodies	Treasury Ministry of Finance	relevant legal and normative acts have been adopted	Q4 2022	In progress. As the martial law was imposed in Ukraine in accordance with Decree of the President of Ukraine No. 64/2002 of 24.02.2022, the Treasury discharges its powers in accordance with Resolution of the Cabinet of Ministers of Ukraine No. 590 of 09.06.2021 “On Approving the Procedure for Discharge of Its Powers by the State Treasury Service in the Special Regime of Martial Law” and the Regulation on the State Treasury Service of Ukraine approved by Resolution of the Cabinet of Ministers of Ukraine No. 215 of 15.04.2015. Given the above, implementation of the activity requires additional time.
132. Ensuring the Treasury’s functioning as a single legal entity	Treasury Ministry of Finance	a single legal entity has been established	Q4 2023	Not due yet. Implementation of the activity depends on implementation of point 131 of this Action Plan.
13.2. Improving the procedures for treasury servicing of budget funds and relevant reporting forms				

³⁵ Order of the Ministry of Finance “On Approving the Amendments to Certain Legal and Normative Acts on Public Sector Accounting” was approved on 30.03.2023 under No. 162.

133. Improving forms of reporting on the execution of local budgets to ensure comparison of actual expenditures with approved ones	Ministry of Finance Treasury	Treasury reports on the implementation of local budgets by expenditures have been brought in line with the form in accordance with the annex as approved by the decision on the local budgets	Q1 2022	In progress. The activity was not performed in 2022 due to the martial law. The activity has been suspended until the martial law is terminated, and the situation in the country gets stabilised. It will be resumed within three months after the martial law is terminated or cancelled.
134. Ensuring further automation of settlement and teller services for spending units and recipients of budget funds	Treasury	full connection of spending units and recipients of budget funds to the remote service system "Treasury Client – Treasury" and the digitalisation of settlement and teller services; improved (expanded) functionality of the remote service system "Treasury Client – Treasury" have been ensured	Q4 2025	Not due yet. As of 31.12.2022, 32,173 spending units and recipients of funds from the state and local budgets, which made 92% of their total number (35,097 institutions), were actually connected to the remote service system "Treasury Client – Treasury" (hereinafter the "RSS"). In 2022, the specific weight of spending units and recipients connected to the RSS was increased by 12% (as of , the RSS, was used by 80% of spending units and recipients of budget funds). Moreover, as of 31.12.2022, 2,097 other clients of the Treasury were connected to the RSS In 2022, the Treasury bodies were submitted 49.4 million electronic documents via the RSS. The specific weight of the documents submitted via the RSS in 2022 makes 85% in the total number of treasury transactions. That indicator made 61% in 2021. In 2022, the new upgraded version of the RSS was put into operation. The version got the new module to submit electronic documents for refund of erroneously or excessively paid funds from the budget. Moreover, the enhanced client and user

administration procedures were introduced, which enabled considerable simplification of access to information in the RSS, improved the interface and expanded user tools.

14. System of public internal financial control

14.1. Implementation of internal financial control aiming at raising the responsibility of the leaders of budget institutions for management and development of the institution as a whole

135. Integration of the aspects of internal control into practical activities of spending units	Ministry of Finance other central executive authorities	two practical measures have been taken to integrate aspects of internal control	Q4 2022	Implemented. 1. In particular, the responsible persons have carried out the following in order to implement the activity: <ul style="list-style-type: none"> - the Ministry of Finance in bilateral cooperation with the Ministry of Finance of the Kingdom of the Netherlands and European experts carried out the activity in the State Emergency Service to integrate the aspects of internal control, namely as to risk management matters, and the letter with corresponding proposals was sent to the State Emergency Service (letter No. 33010-07-5/31343 of 27.12.2022); - the Ministry of Finance together with the European experts carried out the activity in the State Emergency Service to deepen the understanding and perception of aspects of internal control for the purpose of their integration into practical activity with account of the EU practices; - the State Emergency Service conducted a number of training and awareness-raising activities in its system with participation of managers of the institution, in particular, with account of the information received as a part of improvement of the aspects of internal control by the Ministry of Finance
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				<p>(letter of the State Emergency Service No. 04-410/06 of 06.01.2023);</p> <p>- the Ministry of Energy informed the Ministry of Finance of the activities conducted to improve the internal control system in its letter No. 26/1.6-18.5-3150 of 23.02.2022, and progress of implementation of point 135 of the Action Plan.</p> <p>2. Information on how the spending units take measures to improve the internal control system in 2022 is provided in reports on organisation and process of internal control in terms of internal control elements, which are submitted by 01.02.2023.</p>
136. Implementation of the training program on internal control for the main spending units, central executive bodies, oblast, and Kyiv city state administrations	Ministry of Finance other central executive authorities oblast state administration s and Kyiv City State Administration other main spending units	training has been conducted (based on the results, the number of persons trained is indicated)	on a continuous basis	<p>In progress (Completed in terms of training in 2022).</p> <p>In order to increase the level of awareness of civil servants of the matters of improving the internal control system, the following was conducted in 2022: three online trainings (05.07, 10-11.08, and 27-28.09) on the main aspects of internal control for the employees of third public authorities, with the conceptual framework for internal control considered (planning and control; three management lines; risk management; management responsibility and accountability in the internal control system; place of internal control in inter-institutional relations with subordinated bodies as well as development of internal control in the context of public administration and public finance management reforms).</p>
137. Preparation of a guidance manual (guide) on	Ministry of Finance	the relevant manual (guide) has been	Q1 2022	Implemented.

the practical implementation of certain aspects of the system of internal control by spending units, including risk management		prepared and disseminated		<p>In order to render guidance regarding practical implementation of certain aspects of the internal control system, the Guidance Manual on Aspects of Risk Management as an Element of the Internal Control System of the Main Spending Unit, which was posted on the official website of the Ministry of Finance to raise awareness in this field on 27.03.2022.</p> <p>The guidance manual covers the fundamentals of organisation and process of the risk management activity by the main spending units (risk identification and assessment, risk appetite determination approaches, ways of response to risks, monitoring, revision and recording of risk management etc.).</p>
14.2. Enhancement of effectiveness and independence of internal audit				
138. Redirection of activities from internal audit to systemic analysis and performance evaluation of the internal control system, discharge of duties and functions, planning and implementation of budget programmes, quality of administrative services, progress and achievement of goals	central executive authorities oblast state administration s and Kyiv City State Administration other main spending units	a share of internal audits aiming at systemic analysis and performance evaluation of the internal control system, discharge of duties and functions, planning and implementation of budget programmes, quality of administrative services, progress and achievement of goals has increased by 10%	Q1 2022	<p>In progress.</p> <p>The public authorities kept taking measures to change the priorities during internal audits and to gradually increase the quantity / share of internal audits aiming at performance evaluation, refocus of activity from internal audit to systemic analysis and performance evaluation of the internal control system, discharge of duties and functions, planning and implementation of budget programmes, quality of administrative services, progress and achievement of goals etc.</p> <p>In particular, the total share of planning of performance evaluation internal audits keeps growing: in 2022, in the total number of such audits in the planned ones made 48% (in comparison with 40%, 30% and 18% in 2021, 2020 and 2019 respectively).</p>

139. Stepping up control of response to recommendations provided based on the results of internal audits	central executive authorities oblast state administration s and Kyiv City State Administration other main spending units	rate of implementation of recommendations based on the results of internal audits by public authorities has increased by 5%	Q1 2022	In progress. According to the reports submitted to the Ministry of Finance on operational results of internal audit units of the public authorities for 2022, the level of implementation of audit recommendations (without taking into account the recommendations for which the deadline had not yet come) went down to some extent in 2022 and made 85.9% in total in the system.
140. Holding training events, and training of internal auditors	Ministry of Finance other central executive authorities oblast state administration s and Kyiv City State Administration other main spending units	training of internal auditors has been conducted (based on the results, the number of employees trained is indicated)	on a continuous basis	In progress (Completed in terms of training in 2022). During 2022, four trainings were organised and conducted for internal auditors of the public authorities; in particular, they were: <ul style="list-style-type: none"> - online conference on the Prospects of Further Development of the Internal Audit Function in Ukraine for 113 heads of internal audit units; - webinar on Optimisation of Internal Audit Activities in Crisis for 124 heads of internal audit units; - training under the special short-term advanced training programme “Key aspects of internal audit, which provides for assessment and provision of opinions and recommendations on efficiency of the internal audit object” for 30 heads and employees of internal audit units; - training under the special professional (certificate) advanced training programme “Basic course on internal control and in accordance with” for 30 heads and employees of internal audit units. Moreover, forty employees of the internal audit units of the State Service of Ukraine

141. Initiation of the process of voluntary and free-of-charge domestic certification of internal auditors of public authorities	Ministry of Finance	relevant legal and normative acts have been adopted	Q4 2022	<p>on Food Safety and Consumer Protection and its territorial bodies were trained.</p> <p>Implemented.</p> <p>In order to improve operations of the internal audit units and professional skills of internal auditors, and with account of the best European practices and recommendations given by the international experts in this area, the Cabinet of Ministers of Ukraine adopted Resolution No. 12 of 12.01.2022 “On Introducing Certification of Staff of Internal Audit Units and Amending Resolution of the Cabinet of Ministers of Ukraine No. 1001 of 28 September 2011”.</p> <p>In order to regulate the mechanism for certification of staff of internal audit units of the public authorities, Order of the Ministry of Finance of Ukraine No. 144 of 18.05.2022 “On Approving the Procedure for Certificate of Staff of Internal Audit Units” registered with the Ministry of Justice on 20.06.2022 under No. 676/38012 was issued.</p>
142. Carrying out assessments of the internal audit system’s functioning (external assessments of the quality of internal audit) within the ministries, other central executive bodies, in the Council of Ministers of the Autonomous Republic of Crimea, in oblast state administrations, and in Kyiv and Sevastopol city state	Ministry of Finance other central executive authorities Council of Ministers of the Autonomous Republic of Crimea, oblast state administration	at least 20 external assessments of internal audit’s quality have been conducted	Q4 2025	<p>Not due yet.</p> <p>In 2022, four assessments of functioning of the internal audit systems (external quality assessment of the internal audit) were carried out in the State Ecological Inspectorate of Ukraine, the State Service of Export Control of Ukraine, the State Service of Ukraine on Medicines and Drugs Control, and the State Service of Ukraine for Transport Safety. A number of violations, defects and gaps in internal audit activities were detected during the external quality controls, and respective</p>

administrations, other main spending units, with a view to provision of recommendations on improvement of an internal audit system	s, Kyiv and Sevastopol city state administration s, other main spending units			recommendations were prepared for the public authorities in order to improve their internal audit activities. Moreover, assessment of functioning of the internal audit system in the National Health Service of Ukraine was organised and commenced during the reporting period.
143. Informing the Cabinet of Ministers of Ukraine on the state of functioning of public internal financial control and internal audit based on the results of the analysis of the information reported by public authorities	Ministry of Finance	proposals on improvement of the functioning of internal control and internal audit systems have been submitted to the Cabinet of Ministers of Ukraine	on the annual basis in Q2	<p>In progress (Completed in terms of notification during the reporting year).</p> <p>In 2022, the Ministry of Finance analysed functioning of internal control and internal audit in the public authorities (ministries, other central executive authorities, oblast and Kyiv city state administrations, other main spending units) for 2021. In particular, it analysed the reports on organisation and implementation of internal control received from 118 public authorities by elements as well as reports (or information) on operational results of the internal audit units of 125 public authorities.</p> <p>As a result of the analysis, information on the principal tendencies of functioning of the public internal financial control for 2021 was prepared and sent to the Cabinet of Ministers of Ukraine, with proposals on organisation and process of internal control and internal audit during the martial law. After that letter had been considered, the Government of Ukraine instructed the public authorities to ensure adequate organisation of internal control and internal audit, to take measures to eliminate and prevent recurrence of</p>

144. Strengthening the organisational and functional independence of internal audit subdivisions and informing MoF on the measures taken	central executive authorities oblast state administrations and Kyiv City State Administration other main spending units	organisationally and functionally independent internal audit subdivisions	on the annual basis in Q1	<p>defects (instruction No. 8228/1/1-22 of 28.04.2022).</p> <p>In progress.</p> <p>During 2022, the public authorities took measures to eliminate the existing inconsistencies and to bring the organisation of internal audit in line with the requirements (in particular, with account of the recommendations of the Ministry of Finance and point 144 of the Action Plan for implementation of the Strategy for Public Finance Management System Reform in 2022–2025), which enabled enhancing organisational and functional independence of internal audit units (in particular, according to the reporting, the quantity of the internal audit units given non-inherent functions was generally reduced).</p> <p>According to the reports, organisational independence was ensured (in particular, with the independent status of the unit and subordination thereof directly to the head of the authority / institution) in the system of CEA – 257 (or 97.3%) units, in the system of OSAS – 80 (or 78.4%) units, and in the system of other MSU – 27 (or 90%) internal audit units. Moreover, all the internal audit units that operate as a part of public authorities (except for some cases in the system of other MSU) are independent in organisational terms.</p> <p>At the same time, some of the public authorities failed to ensure organisational and/or functional independence of internal audit units in accordance with the requirements of the Procedure for</p>
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Conducting Internal Audits and Establishing Internal Audit Units (Resolution of the Government No. 1001 of 28.09.2011) and the Internal Auditing Standards.

Thus, organisational independence (autonomy) of the internal audit units (officials) in the system of CEA was not ensured in seven cases (or 2.7% of the total number of internal audit units), in the system of OSAS – in twenty-two cases (or 21.6%), and in the system of other MSU – in three cases (or 10%).

The quantity of violations of the requirements for functional independence in terms of imposition of functions not associated with internal audit upon the internal audit units in 2022 kept going down in comparison with the previous years.

In particular, such facts were detected in the system of CEA in eleven units (or less than 3% of their total number), in the system of OSAS – in twenty-one units (or 20.6%), and in the system of other MSU – in two units (or 6.7%). Most cases were detected in the internal audit units operating in the budget institutions of the system of public authorities.

The positive trend of the declining quantity of different controls not associated with internal audit by the internal audit units (or engagement of auditors into such controls) persisted during the reporting year. However, such facts were detected in a number of public authorities (mostly in internal audit units that operated in budget institutions and territorial bodies).

				<p>Thus, the internal auditors in the system of CEA took part in 2022 in 114 other controls (commission inspections, official investigations, other controls etc.) that took almost 4.2 thousand man days. Similarly, the internal auditors of state administrations took part in 321 activities that took more than 1.1 thousand man days; in general, there were eleven cases in the system of other MSU, with 292 man days spent.</p> <p>In certain cases, internal auditors were involved into the above-mentioned tasks directly not associated with internal audit due to the need to promptly resolve certain operational issues of the authorities in the context of the legal regime of martial law.</p>
145. Setting up audit committees within ministries	ministries	audit committees have been set up (composition has been determined and regulations have been approved), and they meet at least twice a year	Q1 2023	Not due yet³⁶.
14.3. Building institutional capacity of the central harmonisation department of MoF				
146. Conducting training events dedicated to public internal financial control for the central harmonisation department of the Ministry of Finance, as well as	Ministry of Finance	training of the staff of the central harmonisation department of MoF has been conducted (based on the results, the number of	on a continuous basis	<p>In progress (Completed in terms of training in 2022).</p> <p>In 2022, the measures were taken to keep building institutional capacity of the central harmonisation department. In particular, cooperation with the Ministry of Finance of the Kingdom of the Netherlands</p>

³⁶ As of 01.06.2023, nine public authorities (Ministry of Agrarian Policy, Ministry of Justice, Ministry of Economy, Ministry of Reintegration, Ministry of Youth and Sport, Ministry of Health, Ministry of Education and Science, Pension Fund of Ukraine, Sumy Oblast State Administration) informed the Ministry of Finance of establishing the audit committee.

**working meetings with
international experts**

employees trained is
indicated)

was continued. The webinar “New approaches and trends in development” for seventeen employees of the Ministry of Finance as well as fourteen work meetings with representatives of the National Academy for Finance and Economics of the Ministry of Finance of the Kingdom of the Netherlands where matters of further development of public internal financial control in Ukraine were discussed were held during the reporting period within the cooperation.

Also, the prospects of further development of public internal financial control in Ukraine and directions of bilateral cooperation were discussed at the work meetings with the experts of EU4PFM Project.

Moreover, all the employees of the Department for Harmonisation of Public Internal Financial Control of the Ministry of Finance (seventeen persons) keep improving their qualifications all the time by participating in various training activities, conferences etc. In particular, in 2022, the employees of the Department took part in the following:

- plenary meeting of the PEM PAL Internal Audit COP and conference of the European Confederation of Institutes of Internal Auditing (ECIIA) “Internal Audit in a world of transition” (Brussels, Belgium) (one employee);
 - video conference “Experience sharing: Audit Committees in the Public Sector” organised by PEM PAL (four employees);
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				<ul style="list-style-type: none"> - training on Public Finance Management in the Kyiv School of Economics (two employees); - summer course on public finance management held by the National Academy for Finance and Economics of the Ministry of Finance of the Kingdom of the Netherlands (one employee); - training "The Role of Central Harmonization Units in PFM Reforms", "Update on Auditing Risk Management", webinar "Risk Management Audit Updates", and IT audit training (one employee) as well as training "Risk Management Beyond Theory" (two employees), which were conducted by the Center of Excellence in Finance (CEF, Slovenia); - training "Practical Aspects of Introduction of Data Analysis, Sample Analytical Tests and Tools" held by the Institute of Internal Auditors (three employees); - webinar "Internal audit: how to overcome stereotyped thinking and mental traps" (five employees), online presentation "International CIA Qualification "Certified Internal Auditor" (three employees), webinar "Optimising finance in crisis" (one employee) conducted by PwC Academy.
147. Launch of process automation in the sphere of internal control and internal audit by creating an interactive portal on public internal financial control	Ministry of Finance other central executive authorities oblast state administration s and Kyiv City	terms of reference with a view to establishment of an interactive portal dedicated to public internal financial control (including distance learning,	Q1 2022	In progress. As a part of launch of process automation in the sphere of internal control and internal audit by creating an interactive portal on public internal financial control, the Ministry of Finance prepared the main approaches (characteristics and requirements) to development of the

	State Administration other main spending units	testing, information and analytical support of activities) have been developed		interactive portal on public internal financial control (PIFC portal), which contained the structure and detailed description of the portal components (modules and units) and requirements for functions thereof. At the end of 2021, that document was provided to the experts of EU4PFM Project in the regular course of business in order to determine an expert in that field and jointly prepare the terms of reference for the interactive portal on public internal financial control. Also, proposals on the work plan of EU4PFM Project were provided in the regular course of business. At the same time, as the martial law was imposed in Ukraine in accordance with Decree of the President of Ukraine No. 64/2022 of 24.02.2022, the activity was temporarily suspended in that field within EU4PFM project in 2022 and was resumed at the end of 2022. In particular, creation of the portal was discussed at the work meetings with the experts of EU4PFM Project, and the activities associated with creation / development of the PIFC portal were included into the Work Plan of EU4PFM Project for 2023. The work in this field is under way.
148. Putting the interactive portal dedicated to public internal financial control into pilot operation, with the gradual inclusion of relevant modules	Ministry of Finance other central executive authorities oblast state administrations and Kyiv City State Administration	interactive portal has been put into pilot operation	Q4 2023	Not due yet.

other main
spending units

15. Public financial control

15.1. Stepping up public financial control in the spheres exposed to major risks

149. Improving the methodological principles of risk-oriented selection of monitored entities with a view to taking measures of public financial control	State Audit Service	methodical recommendations have been drawn up	Q4 2022	<p>In progress.</p> <p>SIGMA's proposals on risk assessment methodology have been received. The analytical mechanisms for formation of risk indicator calculation algorithms based on integrated data and/or open API are being processed.</p> <p>In order to develop the risk-focused selection of IT audit objects, the State Audit Service and its territorial bodies have started to accumulate data on information systems and other software used by the subordinated institutions, in order to develop further selection procedures.</p> <p>At the same time, the State Audit Service studies the best international practices of risk-oriented selection of subordinated institutions to plan inspections. In particular, the representatives of the State Audit Service took part in the training on Violation and Fraud Risk Management held by GIS. The work to develop the document on the risk-oriented selection is under way.</p>
150. Improving the procedure for conducting inspections by the State Audit Office, taking into account successful international practices	Ministry of Finance, State Audit Service Ministry of Economy SRS	appropriate legal and normative act has been adopted	Q2 2022	<p>Implemented.</p> <p>Resolution of the Government of Ukraine No.1123 of 08.10.2022 "On Amending the Procedure for Inspections by the State Audit Service and Its Inter-Regional Territorial Bodies" was adopted.</p>
15.2. Ensuring effective interagency cooperation in exercise of financial control				
151. Establishing effective cooperation with the Accounting Chamber in order to exchange information on risks (risky	State Audit Service Accounting Chamber (by agreement)	a coordination/interaction agreement has been concluded with	Q4 2022	<p>In progress.</p> <p>The State Audit Service sent its letter to the Accounting Chamber on 17.06.2022 under No. 002200-11/4349-2022 with the</p>

operations) in the activities of controlled institutions, coordination of communication during processes of planning, exchange of information on best practices when implementing measures of control		the Accounting Chamber		draft Cooperation Agreement between the Accounting Chamber and the State Audit Service of Ukraine in order to agree upon and organise the conclusion procedure ³⁷ .
15.3. Enhancement of the SAS bodies' institutional capacity at the central, regional and local levels				
152. Improving the organisational and methodological foundations of public financial control over the resources of local budgets	State Audit Service	methodical recommendations have been drawn up	Q1 2023	Implemented. In order to improve the organisational and methodological framework for public financial control over local budget resources, Order of the State Audit Service No. 317 of 29.12.2022 approved the Guidelines on the State Audit Service and Its Inter-Regional Territorial Bodies Conducting Some Public Financial Audits, which without limitation regulate matters of public financial audit of local budgets.
153. Development of high-quality methodological support of the process of public financial audit, by types, taking into account the best international practices, including relevant standardised check lists	State Audit Service	methodical recommendations have been approved	Q4 2022	Implemented. Order of the State Audit Service No. 317 of 29.12.2022 approved the Guidelines on the State Audit Service and Its Inter-Regional Territorial Bodies Conducting Some Public Financial Audits, which are applied during public financial audits of implementation of budget programmes, public financial audit of state (regional) targeted programmes, public financial audit of local budgets, public financial audit of activities of economic operators, and public financial audit of the Pension Fund of Ukraine, mandatory state social insurance funds.

³⁷ On 17.05.2023, the meeting was held between the heads of the State Audit Service and the Accounting Chamber to determine / clarify the areas of cooperation. The experts of EU4ACU Project presented the study findings on possible interaction between these bodies. The work meetings are now continued to modify clauses of the Cooperation Agreement with the support of EU4ACU Project.

Also, Order of the State Audit Service No. 233 of 30.09.2022 approved the Guidelines on the State Audit Service and Its Inter-Regional Territorial Bodies Conducting the Public Financial Audit of Use of Information Technologies, which without limitation approved sample check lists to comply with ISO/IEC 27001 "Information security, cybersecurity and privacy protection. Information security management systems. Requirements" and other documents on information security, the check list "Forms for enhanced examination of the IT environment and IT systems", the sample check list to check software purchase (development) conditions.

16. Independent external financial control (audit)

16.1. Maximum approximation of audit methodology and practices to INTOSAI standards

154. Introduction of compliance audit as one of the types of external audit as defined by INTOSAI standards	Accounting Chamber (by agreement)	all three types of external audit as defined by INTOSAI standards have been carried out; training materials have been developed and training on compliance audits has been conducted for officials of the Accounting Chamber.	Q4 2022	<p>In progress.</p> <p>In pursuance of the international technical assistance project implemented in the Accounting Chamber "Strengthening Capacities in External Audit in Line with International Standards in Ukraine", the latter performed to the work to draft the Guide on Compliance Audits and the Procedure for Compliance Audit by the Accounting Chamber based on the ISSAI requirements.</p> <p>Those guidelines were furnished to the members of the Accounting Chamber for consideration and further approval at the meeting of the Accounting Chamber.</p> <p>In order to enable the officials of the Accounting Chamber to obtain knowledge and practical skills of compliance audits in accordance with the requirements of the</p>
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				international standards, the project experts prepared the Programme of the Compliance Audit Training and Guidelines on such training. The training covers all the stages of a compliance audit: planning, auditing, reporting on audit findings, and controlling implementation of recommendations. The theoretical material was based on the requirements of ISSAI standards and best practices. Practical skills are going to be obtained by processing provisional cases approximated to the Ukrainian reality. Candidates for the position of compliance audit trainers of the Accounting Chamber were selected for the training.
155. Strengthening the institutional capacity of the Accounting Chamber with a view to carrying out financial audit of consolidated financial statements	Accounting Chamber (by agreement)	methodological recommendations on carrying out financial audit of consolidated financial statements have been drawn up	Q4 2023	Not due yet.
16.2. Enhancement of the advisory (expert) role of the Accounting Chamber as the highest audit body in Ukraine				
156. Introduction of a mechanism for consideration by the committees of the Verkhovna Rada of Ukraine of all reports based on the results of audits by the Accounting Chamber and taking the necessary measures with a view to exercise of parliamentary control	Accounting Chamber (by agreement)	proposals on strengthening the control function of the Verkhovna Rada of Ukraine and its committees with a view to increasing the rate of implementation of the Accounting Chamber's recommendations have been drawn up	Q4 2024	Not due yet.

and submitted to the
Verkhovna Rada of
Ukraine

IV. ENHANCING TRANSPARENCY AND ACCOUNTABILITY IN PUBLIC FINANCE MANAGEMENT

17. Budget transparency and public participation in budgeting

17.1. Ensuring compliance with international standards on budget transparency

157. Analysis of the results of the latest evaluation by the Open Budget Index and development of proposals with the view to upgrading Ukraine's rating	Ministry of Finance Accounting Chamber (by agreement)	ensuring that Ukraine has gained at least 65 points in Open Budget Index in 2023	Q4 2024	Not due yet. In the OBI ranking for 2021 made public in May 2022, Ukraine enhanced its positions in comparison with the OBI score for 2019: it got 65 points out of 100 and went up from the 26th to the 23rd position among 120 countries and took hold on the list of the countries with access to material information (61 to 80 points).
158. Fiscal transparency evaluation by the International Monetary Fund	Ministry of Finance	evaluation has been completed and report provided	Q4 2022	In progress. Performance of the activity requires additional time in connection with the martial law.
159. Ensuring publications of main spending units' budget programme certificates and reports on implementation thereof in a machine-readable format	Ministry of Finance main spending units	publications of main spending units' budget programme certificates and reports on implementation thereof in a machine-readable format have been ensured	Q4 2022	In progress. The Verkhovna Rada of Ukraine adopted Law of Ukraine No. 1081-IX of 15.12.2020 "On Amending the Budget Code of Ukraine", which amended Article 28 of the Budget Code of Ukraine regarding publication of the local budget forecast, a draft decision on the local budget, a decision on the local budget, information on execution of the local budget by the local state administrations, executive bodies of corresponding local councils on their official websites or in another manner in accordance with the Law of Ukraine "On Access to Public Information". The amendments also provide for time frames for publication of such information.

				<p>The rules on publication of budget requests and budget programme passports by the main spendings units were prescribed by Article 28 of the Code in 2018.</p> <p>For that purpose, the Ministry of Finance developed the function to publish the budget documents uploaded into the IAS “LOGICA” on the official State Open Budget Web Portal (https://openbudget.gov.ua), the purpose of which is to raise public awareness of principal goals, tasks and priorities of the budget policy of Ukraine.</p> <p>This function has been available since 01.01.2022 to all the participants of the budget process that use the software interacting with the IAS “LOGICA” via the open API.</p> <p>At the same time, the work is performed to create the information system for planning and monitoring of state budget implementation, which will without limitation enable the main spending units to publish budget documents on the State Open Budget Web Portal (https://openbudget.gov.ua) in the machine-readable format.</p>
160. Raising public awareness on the functioning of the State Open Budget Web Portal	Ministry of Finance	communications strategy has been developed	Q2 2022	<p>In progress.</p> <p>In pursuance of the international technical assistance project (programme) of the German Agency for International Cooperation (GIZ) GmbH in Ukraine “Effective Public Finance Management III” and the State Institution “Open Public Finance”, which is a recipient in this international technical assistance</p>

				programme and a technical administrator of the State Open Budget Web Portal, organised creation of five promotional videos on E-Data Platform, including on openbudget.gov.ua. The content and design of images to promote E-Data Platform and its portals on social and mass media were developed.
	Ministry of Finance	number of the users of the State Open Budget Web Portal has increased	Q4 2022	In progress. In connection with the military aggression of the Russian Federation against Ukraine and imposition of the martial law all over Ukraine, the activity of users of the State Open Budget Web Portal did not grow in 2022.
161. Raising competence of the users of the State Open Budget Web Portal	Ministry of Finance	training materials have been developed and training has been conducted	Q4 2023	Not due yet. The User Guide on the State Open Budget Web Portal was developed together with the State Institution "Open Public Finance" as a technical administrator of the State Open Budget Web Portal. Ten public online events and online trainings were held to raise awareness of E-Data Platform. The online training course was developed and made public at Prometheus platform: "E-Data: opportunities and effective public finance control".
17.2. Ensuring openness and accessibility of information on the local budgets				
162. Providing access to information on budget indicators of local budgets through the State Open Budget Web Portal	Ministry of Finance	the section "Local Budgets" has been added to the State Open Budget Web Portal (https://openbudget.gov.ua)	Q1 2022	Implemented. The software "Module to collect and display information on local budget indicators and main spending units of local budgets" of the integrated information and analytical system "Transparent Budget", which covers information on how local budgets are planned and used and makes public indicators of local budgets and main

				<p>spending units of local budgets, has been developed. The web-portal (https://openbudget.gov.ua) also displays the Treasury's information on local budget execution based on monthly, quarterly and annual results. The application program interface (API) of the web-portal ensures uploading of data on local budget indicators and main spending units of local budgets and supports the function of data downloading by third-party information systems.</p>
<p>163. Ensuring publishing information contained in budget requests of local budgets, local budget programme certificates, budgetary reports, decisions on local budgets, and in local budget forecasts, in the form of open data</p>	<p>local state administration s and local councils' executive authorities (by agreement)</p>	<p>information contained in budget requests of local budgets, local budget programme certificates and budgetary reports, decisions on local budgets and local budget forecasts in the form of open data has been posted on the official websites or otherwise made available</p>	<p>Q1 2022</p>	<p>Implemented.</p> <p>The software "Module to collect and display information on local budget indicators and main spending units of local budgets" of the integrated information and analytical system "Transparent Budget", which covers information on how local budgets are planned and used and makes public indicators of local budgets and main spending units of local budgets, has been developed. The web-portal (https://openbudget.gov.ua) also displays the information of the State Treasury Service of Ukraine on local budget execution based on monthly, quarterly and annual results. The application program interface (API) of the web-portal ensures uploading of data on local budget indicators and main spending units of local budgets and supports the function of data downloading by third-party information systems.</p> <p>However, according to Law of Ukraine No. 2134-IX of 15.03.2022 "On Amending Section VI 'Final and Transitional Provisions' of the</p>

Budget Code of Ukraine and Other Legislative Acts of Ukraine”, the rules of Article 28(5) of the Budget Code of Ukraine shall not be applied during the martial law.

19. Development of human resource management in public finance

19.1. Implementation of the strategic approach and improvement of efficiency of human resource management in public finance

164. Development of strategic development plans of human resource management systems in place in central executive bodies, whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance	State Customs Service State Audit Service Treasury	strategic development plans of human resource management systems have been drawn up in accordance with the relevant goals, including implementation of the up-to-date competence-based human resource management techniques	Q1 2022	Implemented. The Strategy for Developing Human Resource Management of the State Audit Service for the Period until 2024 was approved (with the approval visa) by the Head of the State Audit Service on 25.09.2021. Also, Order of the State Audit Service No. 22 of 27.01.2021 No. 22 approved the Strategy for Permanent Professional Development of the State Audit Service for 2021–2023. Order of the State Customs Service No. 648 of 26.08.2021 approved the Strategy for Human Resource Management of the State Customs Service for 2021–2024, and Order No. 723 of 20.09.2021 – Action Plan for implementing the Strategy. Order of the Treasury No. 282 of 22.10.2020 “On Approving the Strategy for Human Resource Management of the State Treasury Service of Ukraine” approved the Human Resource Management Strategy of the Treasury for 2020–2024.
165. Development and implementation of a competence-based human resource management model by MoF and other	Ministry of Finance STS State Customs Service	competence-based human resource management models have been approved	Q4 2023	Not due yet.

central executive bodies whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance	State Audit Service Treasury			
166. Conducting annual surveys on the employees' interest in the results of their work and achievement of strategic goals (involvement of staff) of the Ministry of Finance, other central executive bodies, whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance	Ministry of Finance STS State Customs Service State Audit Service Treasury	survey has been conducted	on the annual basis in Q3	<p>In progress (Completed in terms of the surveys in 2022).</p> <p>Ministry of Finance The Ministry of Finance has conducted the annual survey since 2019 to determine the level of emotional involvement, satisfaction with civil service conditions and needs for professional development of the staff. In 2022, 251 employees of the Ministry of Finance took part in the survey. When surveyed, more than 60% of the respondents mentioned growing support by their colleagues and manager during the martial law. 88% of the respondents feel that they have the strength to keep working. However, almost 46% of the surveyed noted that the work load was growing. 63% of the respondents were the civil servants who had been working for the Ministry of Finance for more than five years.</p> <p>State Audit Service The anonymous survey of the staff via Google Forms was conducted in September 2022 in order to study the level of satisfaction with civil service conditions, interest of the staff of the State Audit Service in outcome of their labour and achievement of strategic goals. 341 persons, which was 76% of the actual staff of the State Audit Service as of 01.09.2022, took part in the survey.</p>

State Customs Service The survey was conducted from 23.12.2021 until 21.01.2022 with a view to establishing the level of involvement of the staff of the State Customs Service and its territorial bodies. 3,670 officials of the customs authorities took part in the survey. In Q3 as well The pulse survey was conducted in 2022 (12-22.09.2022) to examine individual aspects of involvement of the staff of the State Customs Service (central administrative office and territorial bodies). 4,252 officials, which made 41.6% of the actual headcount, took part in the survey. The consolidated information is submitted to the heads of the State Customs Service.

STS In order to develop the document on corporate culture of the STS, the questionnaire (feedback form) was created, and the corresponding survey of staff of the STS was organised (letter No. 11495/7/99-00-11-03-07 of 27.09.2022). Moreover, the newly-appointed employees of the STS bodies were surveyed regarding the adaptation process (letter of the STS No. 11108/7/99-00-11-03-07 of 20.09.2022).

Treasury. The employees of the Treasury took part in the survey in 2022 regarding the following:

- quality, efficiency and level of organisation of the main work processes and ways of their possible optimisation in the public authorities;
- level of satisfaction with civil service conditions in terms of consideration of the principle of equal rights and opportunities

				for women and men in the human resource policy; - special aspects of organisation of work and labour of remuneration for civil servants during the martial law; - progress and outcome of reforms in the system for professional training of civil servants during the martial law.
167. Supporting gender equality and integration of women's leadership programmes in staff training programmes	Ministry of Finance	number of women holding leadership positions in MoF has increased	Q4 2022	Implemented. Number of women holding leadership positions in MoF was increased by 1% in 2022. Therefore, the Strategy indicator was achieved in 2022.
19.2. Improving professional competence of financial system staff				
168. Institutionalisation of professional and communicative capacity in public finance management	Ministry of Finance	proposals on the establishment of a professional communication centre in the public finance management system and its transfer under the management of the Ministry of Finance have been drawn up	Q4 2022	In progress. Performance of the activity requires additional time in connection with the martial law and due to lack of funds on the state budget to finance these goals.
169. Capacity building in public finance management	Ministry of Finance other central executive authorities	training programme has been drawn up and implemented, training has been conducted, a team of internal trainers on actual issues of public finance management has been assembled	Q3 2022	In progress. Performance of the activity requires additional time in connection with the martial law and due to lack of funds on the state budget to finance these goals.
	Ministry of Finance other central	a public finance management online learning platform has	Q4 2022	In progress. Performance of the activity requires additional time in connection with the

	executive authorities	been developed and put into operation		martial law and due to lack of funds on the state budget to finance these goals.
170. Establishment of a modern scientific and educational institution for training cadre in the field of public finance	Ministry of Finance	State Tax University has started its functioning, and its development strategy has been approved	Q1 2022	<p>Implemented.</p> <p>Ordinance of the Cabinet of Ministers of Ukraine No. 1202-p of 06.10.2021 "On Establishing the State Tax University" and Order of the Ministry of Finance No. 574 of 01.11.2021 "Certain Matters of Establishing the State Tax University" ensured establishment of the State Tax University subordinated to the Ministry of Finance.</p> <p>Order of the State Tax University No. 667 of 09.08.2022 put into effect the Strategy for Developing the State Tax University for 2022-2027.</p> <p>Moreover, the higher educational establishment was relocated from the city of Irpin affected by the hostilities by Order of the State Tax University No. 249 of 05.03.2022. The matters of further development of the university can only be considered after the martial law is terminated or cancelled and resources of the institution are assessed.</p>
171. Increase in the number of dual education curricula to be used for training cadre in the field of public finance	Ministry of Finance STS State Customs Service Treasury State Audit Service State Financial Monitoring Service State Tax	the number of dual education curricula and the number of students trained thereunder have increased; the number of central executive bodies, whose activities are directed and coordinated by the Cabinet of Ministers of	Q3 2022	<p>Implemented.</p> <p>In accordance with the Memorandum of Implementation of Dual Education Elements of 20.06.2019 between the German Agency for International Cooperation (GIZ), the University of the State Fiscal Service of Ukraine, the Charitable Foundation "Kyiv School of Economics" (KSE), the State Tax Service of Ukraine at the Main Directorate of the STS in Kyiv, there is a project "Dual education: new form of staff training for the STS</p>

University (by agreement)

Ukraine through the Minister of Finance, and which participate in implementation of dual education programmes has increased.

bodies". During the project, sixty students were hired by the Main Directorate of the STS in Kyiv on a competitive basis: forty-seven students from the State Tax University and thirteen students from the Kyiv National Economic University. At the same time, in 2022, the State Tax University started dual training at the educational programme "State audit; forensic economic expert examination in financial investigations" with the speciality "Accounting and taxation". Forty persons were admitted to obtain higher education by the governmental order in 2022. The total number of the persons who started dual training to obtain higher education in 2019-2022 in the State Tax University as of 01.09.2022 made 103 persons.
