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COUNCIL IMPLEMENTING DECISION (EU) 2024/2149

of 6 August 2024

on establishing the satisfactory fulfilment of the conditions for the payment of the first instalment of the non-repayable financial support and of the loan support under the Ukraine Plan of the Ukraine Facility

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2024/792 of the European Parliament and of the Council of 29 February 2024 establishing the Ukraine Facility [1], and in particular Article 26(4) thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) Pillar I of the Ukraine Facility ('the Facility') makes available to Ukraine financial support of up to EUR 38 270 000 000 for the period 2024-2027 in the form of non-repayable support and of loans. Financing under Pillar I is mainly allocated on the basis of the Ukraine Plan ('the Plan'). The Plan sets out the reform and investment agenda for Ukraine, and the qualitative and quantitative steps that are linked to the funding under Pillar I of the Facility.

(2) Pursuant to Article 19 of Regulation (EU) 2024/792, the Council adopted Implementing Decision (EU) 2024/1447 [2] concerning the approval of the assessment of the Plan. The timetable for monitoring and implementing the Plan, including the qualitative and quantitative steps that are linked to the funding under Pillar I of the Facility, are set out in the Annex to Implementing Decision (EU) 2024/1447.

(3) The total sum of financial resources made available to the Plan by Implementing Decision (EU) 2024/1447 amounts to EUR 32 270 000 000, of which EUR 5 270 000 000 is in the form of non-repayable financial support and up to EUR 27 000 000 000 is in the form of a loan.

(4) In accordance with Articles 24 and 25 of Regulation (EU) 2024/792, EUR 6 000 000 000 has been made available to Ukraine as exceptional bridge financing and EUR 1 890 000 000 in the form of pre-financing representing an advanced payment of 7 % of the loan support that Ukraine is eligible to receive under the Plan.

(5) In accordance with Article 26(2) of Regulation (EU) 2024/792, on 9 July 2024, Ukraine submitted a duly justified request for the payment of the first instalment of the non-repayable financial support and of the loan support, amounting to EUR 4 365 691 244, as set out in the Annex to Implementing Decision (EU) 2024/1447. The request was accompanied by the documents required under Article 12 of the Framework Agreement, Article 5 of the Financing Agreement and Article 6 of the Loan Agreement concluded between the Union and Ukraine pursuant to Articles 9, 10 and 22 of Regulation (EU) 2024/792.

(6) Ukraine has provided, along with its request for payment, due justification of the satisfactory fulfillment of the nine steps due by Q2-2024, in accordance with Implementing Decision (EU) 2024/1447. The nine satisfactorily fulfilled steps relate to various reforms set out in the Plan under the chapters on public financial management, the fight against corruption and money laundering, management of public assets, business environment, the energy sector, and the agri-food sector. The Budget Declaration for 2025–2027, the strategic plan for the digitalisation of the State Customs Service, the strategic document on Mine Action for the period up to 2033, the strategy and action plan for thermal modernisation of buildings until 2050, and the Integrated National Energy and Climate Plan have been adopted, a new head of the National Agency on Corruption Prevention has been appointed, and the laws on the corporate governance of state-owned enterprises and on the revised legal basis of the Economic Security Bureau of Ukraine have entered into force.

(1) OJ L, 2024/792, 29.2.2024, ELI: http://data.europa.eu/eli/reg/2024/792/oj.
(2) Council Implementing Decision (EU) 2024/1447 of 14 May 2024 on the approval of the assessment of the Ukraine Plan (OJ L, 2024/1447, 24.5.2024, ELI: http://data.europa.eu/eli/dec_impl/2024/1447/oj).

(7) In accordance with Article 26(4) of Regulation (EU) 2024/792, the Commission assessed in detail the payment request submitted by Ukraine and made a positive assessment of the satisfactory fulfilment of the nine qualitative and quantitative steps for the first instalment as specified in the Annex to this Decision.

(8) The Commission assessed that Ukraine continues to fulfil the pre-condition for Union support as set out in Article 5 of Regulation (EU) 2024/792. In particular, Ukraine continues to uphold and respect effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and to guarantee respect for human rights, including the rights of persons belonging to minorities.

(9) Therefore, this Decision should establish that the relevant conditions for payment of the first instalment have been satisfactorily fulfilled.

(10) Considering the difficult fiscal situation Ukraine is facing, it is of outmost importance to disburse the funds as soon as possible. In view of the urgency of the situation and in order to expedite the process, this decision should enter into force on the day of its publication in the *Official Journal of the European Union* and should apply from the date of its adoption,

HAS ADOPTED THIS DECISION:

Article 1

The satisfactory fulfilment of the relevant conditions for payment of the first instalment amounting to EUR 4 365 691 244 as set out in the Annex to Implementing Decision (EU) 2024/1447 is hereby established in line with the assessment provided by the Commission in accordance with Article 26 of Regulation (EU) 2024/792, annexed to this Decision.

Article 2

This Decision shall enter into force on the day of its publication in the *Official Journal of the European Union*.

It shall apply from the date of its adoption.

Done at Brussels, 6 August 2024.

For the Council

The President

BÓKA J.

ANNEX

EXECUTIVE SUMMARY

In accordance with Article 26 of Regulation (EU) 2024/792 of 29 February 2024 establishing the Ukraine Facility, on 9 July 2024 Ukraine submitted a request for payment for the first instalment of the Ukraine Plan. To support the payment request, Ukraine provided due justification of the satisfactory fulfilment of the nine steps of the first instalment as set out in the Annex of Implementing Decision 2024/1447 of 14 May 2024 on the approval of the assessment of the Ukraine Plan.

Based on the information provided by Ukraine, all nine steps are considered satisfactorily fulfilled. As part of the chapter on Public financial management, the following acts were adopted: i) the strategic plan for the digitalisation of the State Customs Service; ii) the Budget Declaration for 2025-2027; and iii) the Action Plan for the implementation of the roadmap for reforming public investment management. As part of the chapter on Fighting against corruption and money laundering, a new head of the National Agency of Corruption Prevention was appointed. Within the chapter on the Management of public Assets, the legislation on corporate governance of state-owned enterprises entered into force. Within the component on Business environment, the law revising the legal basis on the Economic Security Bureau of Ukraine entered into force. As part of the chapter on Energy Sector, the Integrated National Energy and Climate Plan as well as the Strategy for thermal modernisation of buildings until 2050 and Action Plan were adopted. Within the chapter on Agri-food sector, the strategic document on Mine Action for the period up to 2033 was adopted.

Step 2.2

Name of the step: Adoption of the strategic plan for the digitalisation of the State Customs Service
Related Reform/Investment: Reform 1 Improved revenue management
Financed from: Loans
Context The requirement for step 2.2 described in the step description of the CID annex is: *'Adoption of the long-term national strategic plan for digital development, digital transformation and digitalisation of the State Customs Service.'* Step 2.2 is the first step of Reform 1 of chapter 2 (Public Financial Management). By Q4-2024, Reform 1 envisages one additional step (2.1) aimed at the adoption of the strategic plan for digitalisation of the State Tax Service.
Evidence provided 1. Summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the Annex to Implementing Decision (EU) 2024/1447; 2. Copy of the Order of the Ministry of Finance No 63 'On the implementation of the Decision of the Committee on Information Technology Management in the Public Finance Management System' of 9 February 2024; 3. Copy of the Annex to the Order of the Ministry of Finance No 63 on the Long-term national strategic plan for digital development, digital transformations and digitalisation of the State Customs Service of Ukraine of 9 February 2024.
Analysis The justification and substantive evidence provided by the Ukrainian authorities cover all constitutive elements of step 2.2. The Strategy was adopted by the Ministry of Finance on 9 February 2024 through Order No 63. The Strategy covers the long-term plan for the digital development, digital transformation, and digitalisation of the State Customs Service of Ukraine on the basis of EU Union Customs Code Work Programme and the Multi-annual Strategic Plan for Electronic Customs (MASP-C), the European Union's major initiative for digitalising the EU customs system. Section 1 of the Strategy outlines the overall objective of digitalisation and alignment with EU norms. Section 2 outlines the specific target benchmarks to be met to achieve this objective, and Section 3 outlines the principles that will guide the implementation of the relevant measures. Section 4 outlines the sequence of steps to be taken to achieves these goals and defines the groups of projects according to the level of involvement of EU institutions and Member States. Section 5 outlines the approach to restructuring the relevant IT infrastructure, including its alignment with EU approaches. Finally, Section 6 outlines the processes the State Customs Service and the Ministry of Finance shall use to manage the process of change and reform.
Commission Assessment: Satisfactorily fulfilled

Step 2.3

Name of the step: Approval of the Budget Declaration for 2025-2027
Related Reform/Investment: Reform 2 Improved public financial management
Financed from: Loans
Context The requirement for step 2.3 described in the step description of the CID annex is: *'The Budget Declaration for 2025-2027 is approved and submitted to the Parliament. The Declaration focuses on these main areas: i) key macroeconomic projections of economic and social development of the country; ii) key budget indicators (revenues, expenditures, budget deficit, public debt); iii) public policy priorities by spheres and expenditure ceilings for each key spending unit; iv) relations between the state budget and local budgets, including necessary guidance for preparing medium-term forecasts of local budgets; v) fiscal risks assessment'.* Step 2.3 is the first step of Reform 2 of chapter 2 (Public Finance Management). By Q4-2026, Reform 2 envisages two additional steps: step 2.4 aimed at introducing a spending review of the state budget; and step 2.5 concerning an amendment of the Budget Code to define procedure for managing fiscal risks of local budgets.
Evidence provided 1. Summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the Annex to Implementing Decision (EU) 2024/1447; 2. Resolution of the Cabinet of Minister No 751 from 28 June 2024 that adopts the Budget Declaration for the period 2025-2027; 3. Copy of the Budget Declaration for 2025-2027 as approved on 28 June 2024; 4. Notification of the submission of the Budget Declaration to the Verkhovna Rada on 28 June 2024; 5. Copy of the Ukraine Budget Code.
Analysis The justification and substantive evidence provided by the Ukrainian authorities cover all constitutive elements of step 2.3. The Budget Declaration for the 2025-2027 period was approved on 28 June 2024 and was submitted on the same day to the Parliament. It estimates key macroeconomic projections of economic and social development of the country, and indicators such as economic growth rate, inflation indexes, unemployment and exchange rates over the period 2025-2027. The Budget Declaration also estimates key budget indicators related to revenues (such as tax revenues or dividends from state-owned enterprises), expenditures (divided and categorized by policy areas), budget deficit and public debt. It also details public policy priorities by spheres and expenditure ceilings for each key spending unit. The main public policy priorities concern areas such as social protection, education, health care, business environment/support of small and medium-sized businesses, agriculture and energy. The document also identifies and describes the relations between the state and local budget. Among others, the state budget policy on local budgets is expected to further develop medium-term budget planning and strengthen financial capacity at local level. By forecasting the amount of revenues of local budgets over the period 2025-2027, the state budget provides guidance to local budgets to prepare medium-term forecasting. Finally, the Budget Declaration 2025-2027 includes an assessment of fiscal risks and their impact on state budget indicators over the three years reporting period. The fiscal risks include war-related uncertainties, impact of the destruction of energy infrastructure, barriers to trade and transport freights and stability of international financial assistance.
Commission Assessment: Satisfactorily fulfilled

Step 2.7

Name of the step: Adoption of the Action plan for the implementation of the Roadmap for reforming public investment management
Related Reform/Investment: Reform 4. Improved public investment management
Financed from: Loans
Context The requirement for step 2.7 described in the step description of the CID annex is: *Adoption of the Action plan for the implementation of the Roadmap for reforming public investment management. The action plan focuses on these main areas and includes the sequencing and timeframe:* — *introduction of strategic planning for public investment in close connection with budget planning;* — *definition of the roles of all participants at all stages of the investment project cycle;* — *establishment of unified approaches to the selection, evaluation and monitoring of investment projects, regardless of the sources of funding (budget revenues, international donors, state (local) guarantees, concessions, public-private partnerships) to enable the preparation of single project pipeline;* — *definition of prioritisation criteria that capture defined needs, maturity of projects, and alignment with sectoral and/or regional strategies in the context of the public investment management;* — *introduction of an independent assessment of large public investment projects* Step 2.7 is the first step in the implementation of Reform 4 of chapter 2 (Public Financial Management). Reform 4 has an additional step 2.8 due in Q3-2025 aimed at the development and implementation of the digital management tool for the reconstruction of Ukraine.
Evidence provided — Summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the Annex to Implementing Decision (EU) 2024/1447; — Copy of the Resolution of the Cabinet of Ministers No 588-p from 18 June 2024 that adopted the Action Plan; — Copy of the adopted 'Action Plan to implement the Roadmap for reforming public investment management 2024-2028'.
Analysis The justification and substantive evidence provided by the Ukrainian authorities cover all constitutive elements of step 2.7. The Action Plan to implement the Roadmap for reforming public investment management was adopted on 18 June by the Government. It outlines the actions that are to be taken and the entities responsible for implementation of the 'Roadmap for reforming public investment management'.

The Action Plan introduces strategic planning for public investment in close connection with budget planning. In this regard, Objective 1 establishes the sequencing and timeframe for reforms to the budget planning process, including through legal amendments to the budget code, that will be taken to ensure alignment with strategic planning for public investment. These include changes related to updating the definition of public investment projects and associated expenditures; determining the amount of fiscal resources available for public investment; introducing the medium-term planning of investment expenditures; and ensuring only projects selected through the established strategic planning system are funded under the budget. Objective 2 establishes the sequencing and timeframe for the introduction of strategic planning of public investments. This includes the establishment of the Strategic Investment Council; the development of a national system of strategic planning, covering the key planning processes and documents; the development of national, sectoral, and regional strategies and associated methodologies and processes; and developing a medium-term plan for priority public investment. Objective 2 further specifies that the national system for strategic planning will include compliance with the macro-fiscal framework as a key feature. Objective 4 establishes the sequencing and timeframe for improving the medium-term budget planning process for public investments. This includes the management and control of multiannual budget commitments over the lifecycle of the investments; the selection of public investments for financing; and the assessment and management of fiscal risks and contingent liabilities. The Action Plan defines the roles of all participants at all stages of the investment project cycle. In this sense, Objective 1 establishes that the amendments of the laws on the budget code and public investment management shall define the functions of the participants in the process of public investment management. Objective 3 further establishes the sequencing and timeframe for the creation of the new procedures and methodologies for each step in the investment project cycle, covering preparation, screening, prioritisation, appraisal, selection, risk identification, implementation, monitoring, and performance evaluation. Each output is required to clearly identify the distribution of functions amongst participants in the process. The Action Plan establishes a unified approach to the selection, evaluation and monitoring of investment projects, regardless of the sources of funding (budget revenues, international donors, state (local) guarantees, concessions, public-private partnerships) to enable the preparation of a single project pipeline. In this sense, Objective 3 establishes the sequencing and timeframe for the creation of a unified methodological approach for each step in the investment project cycle, with the objective of creating a single pipeline of public investment projects. It also specifies that this shall be established regardless of the source of funding and establishes the methodology for determining the sources/mechanisms of financing public investment projects that have been selected. The Action Plan also defines the prioritisation criteria that capture defined needs, maturity of projects, and alignment with sectoral and/or regional strategies in the context of public investment management. In this regard, Objective 3 specifies that prioritisation shall be done according to criteria of strategic relevance, financial feasibility, social and economic efficiency, technical feasibility, institutional capacity and climate resilience. It also specifies that the appraisal of projects shall take into account the degree of urgency of meeting public needs and specifies that prioritisation shall be done according to project maturity and compliance with sectoral and/or regional strategic priorities. Finally, the Action Plan introduces an independent assessment of large public investment projects. In this sense, Objective 3 establishes the sequencing and timeframe for introducing an independent assessment for large public investment projects into the investment appraisal process.
Commission Assessment: Satisfactorily fulfilled

Step 4.2

Name of the step: Appointment of a new head of the National Agency on Corruption Prevention
Related Reform/Investment: Developing the institutional capacity of the anti-corruption framework
Financed from: Non-repayable support
Context The requirement for step 4.2 described in the step description of the CID annex is: *'A new head of the National Agency on Corruption Prevention is appointed following a selection procedure in line with the Law on the Prevention of Corruption'.* Step 4.2 is the first step in the implementation of Reform 1 of chapter 4 (Fight Against Corruption and Money Laundering). It is followed by steps 4.1 due by Q3-2024 that aims to increase manpower for the Specialised Anti-Corruption Prosecutor's Office and 4.3 due by Q1-2025 that aims to increase manpower for the High Anti-Corruption Court.
Evidence provided 1. Summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the Annex to Implementing Decision (EU) 2024/1447; 2. Copy of the Decree of the Cabinet of Ministers of Ukraine No 162-r on the appointment of Mr Pavlushchyk as the Head of the National Agency on Corruption Prevention of 27 February 2024; 3. Copy of the Decree of the Cabinet of Ministers of Ukraine No 944-r on the approval of the composition of the Competition Committee for the position of the Head of the National Agency on Corruption Prevention of 13 October 2023; 4. Copy of the minutes of the meetings of the Competition Committee held on 10 and 30 November 2023, on 28 December 2023, on 4 and 8 January 2024, on 5, 20, 24 and 25 of February for the selection of the Head of the National Agency on Corruption Prevention; 5. Copy of Law of Ukraine on Prevention of Corruption No 1700-VII/2014;
Analysis The justification and substantive evidence provided by the Ukrainian authorities cover all constitutive elements of step 4.2. The Cabinet of Ministers of Ukraine adopted the Decree of the Cabinet of Ministers of Ukraine No 162-r which appointed Mr Victor Volodimirovich Pavlushchyk as the Head of the National Agency on Corruption on 27.2.2024. The minutes of the meetings of the Competition Committee held on the 25.2.2024 for the selection of the Head of the National Agency on Corruption Prevention ('the Minutes') show that the selection of the Head of the National Agency on Corruption Prevention was done in line with Article 6 'Procedure for Competitive Selection and Appointment of the Chairman of the National Agency' of the Law of Ukraine on the Prevention of Corruption No 1700-VII ('the Law'). The minutes show that, in line with Article 6(2) of the Law, the Competition Commission included three members appointed by the Cabinet of Ministers of Ukraine, and three members appointed by the Cabinet of Ministers of Ukraine based on proposals of donors who have provided international technical assistance to Ukraine in preventing and combating corruption. Mr Pavlushchyk received six votes in favour and was selected as the most suitable candidate as Head of the National Agency on Corruption Prevention.
Commission Assessment: Satisfactorily fulfilled

Step 6.2

Name of the step: Entry into force of the legislation on corporate governance of state-owned enterprises

Related Reform/Investment: Reform 2. Improved governance and management of SOEs

Financed from: Non-repayable support

Context

The requirement for step 2.7 described in the step description of the CID annex is:

Entry into force of the new law on corporate governance of SOEs taking into account OECD guidelines on corporate governance. The law focuses on these main areas:

— *defining the powers of SOEs' supervisory boards to appoint and dismiss CEOs;*

— *defining the powers of SOEs' supervisory boards to approve the strategic, investment and financial plans documents of SOEs;*

— *establishing an annual evaluation procedure for the supervisory boards of SOEs.*

Step 6.2 is the first step out of four under this reform in chapter 6 (Management of Public Assets). It is followed by step 6.3 due in Q2-2026 that aims to appoint supervisory boards with a majority of independent members in at least 15 top key state-owned enterprises (SOEs) corporatising at least 15 top key SOEs as either joint-stock companies or limited liability companies (step) and by step 6.4 due in Q3-2026 that aims to implement corporate governance principles across the consolidated SOE management entities.

Evidence provided

— Summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the Annex to Implementing Decision (EU) 2024/1447;

— Copy of the law No 3587-IX 'On making changes to some legislative acts of Ukraine regarding the improvement of corporate governance' (the Law) from 22 February 2024;

— Copy of the law No 185-V Law of Ukraine 'On Management of State-Owned Property' from 1 July 2024;

— Copy of the Commercial Code of Ukraine, No 436-IV from 8 March 2024;

— Copy of the law No 2465-IX 'On the Joint Stock Companies' from 27 April 2024;

Analysis

The justification and substantive evidence provided by the Ukrainian authorities cover all constitutive elements of the step description.

The law No 3587-IX 'On making changes to some legislative acts of Ukraine regarding the improvement of corporate governance' (the Law) entered into force on 8 March 2024.

The law takes into account relevant OECD guidelines on corporate governance, as stated in the G20/OECD Principles of Corporate Governance 2023. In particular, it is aligned with principles V.D.1. and V.D.4. which state the key functions of the boards: i) reviewing and guiding strategy, major plans of action, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestitures (V.D.1); and ii) selecting, overseeing and monitoring the performance of key executives, and, when necessary, replacing them and overseeing succession planning (V.D.4.). It is also aligned with principle V.E.4. which states that the boards should regularly carry out evaluations to appraise their performance and assess whether they possess the right mix of background and competences, including with respect to gender and other forms of diversity.

The law defines the powers of SOEs' supervisory boards to appoint and dismiss CEOs. Article 11-4 Paragraph 7 of the previous version of the Law No 185-V on 'On Management of State Property Objects' determined the appointment to the position and termination of powers of the CEO as exclusive competence of the supervisory board of a state unitary enterprise. The Law No 3587-IX ('The Law') amended Article 11-4 to ensure it applies both to state unitary enterprises and to other business associations with 50 % or more shares belonging to the state. Furthermore, the Law clarified the role of supervisory boards in appointing CEOs in SOEs where the Cabinet of Ministers acts as an ownership entity. Prior to the amendment of the Law, the State Property Management Law prescribed that the Cabinet of Ministers was entitled to appoint the CEO in such SOEs, while the Law of Ukraine No 2465-IX on 'On Joint stock companies' provided for the general rule that appointment and dismissal of the CEO is reserved for the supervisory board. This overlap caused confusion and discussions on which law prevails in such SOEs. The new Law removed the confusing provision from the State Property Management Law and the general rule now applies to all SOES organised as joint stock companies. The law defines the powers of SOEs' supervisory boards to approve the strategic, investment and financial plans documents of SOEs. The Law introduced amendments to other relevant laws to ensure the SOE supervisory boards approve the strategic, investment and financial plans documents of SOEs. In particular, according to the amendments to the Article 11-4 of the Law 'On Management of State-Owned Objects', the exclusive competence of the Supervisory board (in case it is formed) of a state unitary enterprise or business associations shall include, inter alia, approval of the strategic plan for the development of the state unitary enterprise, approval of the annual financial plan and the report on its implementation, the annual investment plan, and the investment plan for the medium term (three to five years). Furthermore, according to the amendments to the Article 7-1, 1-1 in Law of Ukraine 'On Joint stock companies', one of the exclusive competences of the supervisory boards of a Joint Stock Company is approval of the strategic development plan and performance indicators of the joint-stock company, the annual financial plan and the report on its implementation, and annual and medium-term investment plans. Similar amendments were introduced in other relevant laws, such as the Commercial Code of Ukraine, No 436-IV, which states that the formation of financial, investment plans and strategic development plan are mandatory for SOEs, and these documents are approved by the supervisory board (in case it is formed). Finally, the Law establishes an annual evaluation procedure for the supervisory boards of SOEs. According to the amendments to the Article 11-7 in the Law 'On Management of State Property Objects', the activities of the supervisory board of a state unitary enterprise or a business association in which the formation of the supervisory board is mandatory shall be evaluated at least once every three years. The results of the assessment will be published on the SOE's website within two working days from the date of their approval.
Commission Assessment: Satisfactorily fulfilled

Step 8.3

Name of the step: Entry into force of the law on revising the legal basis of the Economic Security Bureau of Ukraine.
Related Reform/Investment: Reform of the Economic Security Bureau of Ukraine
Financed from: Non-repayable support

Context

The CID Annex describes the requirements of step 8.3 as follows:

'Entry into force of the law on revising the legal basis of the activity of the Economic Security Bureau of Ukraine. The new legislation focuses on these main areas:

— *developing an open, transparent and competitive process for selection of management and staff, selection of the new head on merit-based procedure defined by law*

— *strengthening requirements for the selection commission;*

— *introducing a contract system for employees;*

— *defining a clearer scope and a mandate;*

— *developing a mechanism of attestation of staff.'*

Step 8.3 is the only step under Reform 2 of chapter 8 (Business environment), concerned with the reform of the Economic Security Bureau of Ukraine. The step complements Reform 1 under chapter 3 (Judicial system) on enhancing the accountability, integrity and professionalism in the judiciary.

Evidence provided

— Summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the Annex to Implementing Decision (EU) 2024/1447;

— Copy of law No 3840-IX 'On Amendments to Certain Legislative Acts of Ukraine to Improve the Work of the Bureau of Economic Security of Ukraine' from 20 June 2024.

Analysis

The justification and substantive evidence provided by the Ukrainian authorities cover all constitutive elements of step 8.3.

The Law No 3840-IX 'On Amendments to Certain Legislative Acts of Ukraine to Improve the Work of the Bureau of Economic Security of Ukraine' was approved by the Verkhovna Rada on 20 June, signed by President on 28 June, and entered into force with the publication in the Official Journal on 29 June 2024.

The Law describes an open, transparent, and competitive process for the selection of management and staff, including for the selection of a new head (Director) based on defined merit-based procedures. The Law outlines the character and professional competency requirements for candidates to the position of Director, including the necessary knowledge, experience, analytical abilities, leadership abilities, oral and written communication skills. This is achieved through amendments to Articles 15 and 19.

Article 15 of the Law also defines the selection process including the engagement of a strengthened selection commission composed of six persons. Out of the six, three persons will be designated by the Cabinet of Ministers of Ukraine while the other three persons will be appointed by the Cabinet of Ministers on the basis of proposals from international organisations providing technical assistance to Ukraine in the field of preventing and combating corruption and reforming law enforcement agencies according to international treaties. Article 15 also describes the requirements for the selection committee members, their powers, and responsibilities as well as the procedures for decision-making. The Law dictates that the selection commission will select no more than two candidates.

The Law describes the introduction of a contract system through which appointments to a position at the Bureau can be based on a service contract, concluded on the grounds and in the manner determined by the Cabinet of Ministers.

The Law provides a clearer scope and mandate for the Economic Security Bureau of Ukraine through an amendment of Article 8 of the separate Law 'On Operational and Investigative Activities', and by introducing in the same Law the provision that the right to perform these activities belongs exclusively to the Economic Security Bureau of Ukraine and the National Anti-corruption Bureau of Ukraine. The Law defines the procedures for the mandatory re-certification of employees, aimed at ensuring the appropriate level of integrity and professional competence of employees at the Economic Security Bureau. Certification will begin once the order of the new Director is published on the Bureau's official website. Within 14 days of from the day of publication, employees who are subject to one-time certification must submit a written statement of either consent or refusal to undergo certification. The Law states that the certification period cannot exceed 18 months from the date of appointment of the Director, except for special cases. Certification will be conducted by a 12-member certification commission of which 6 persons will be identified by the Director and 6 by international organisations. If not already regulated by the Law, the procedures for organising and conducting the certification, the criteria, and methodology for assessing integrity and professional competence of employees during the certification process will be determined by the Director in consultation with the certification commission. The Law divides the certification process into two stages as follows: (i) the certification for the heads of departments of the central apparatus and their deputies, and the heads of territorial departments and their deputies; and (ii) the certification of other employees.
Commission Assessment: Satisfactorily fulfilled

Step 10.1

Name of the step: Adoption of the Integrated National Energy and Climate Plan
Related Reform/Investment: Reform 1. Integrated National Energy and Climate Plan
Financed from: Loans
Context The requirement for step 10.1 described in the step description of the CID annex is: *'Adoption of the Ordinance of the Cabinet of Ministers of Ukraine on approving the Integrated National Energy and Climate Plan to establish national climate neutrality objectives and ensure appropriate planning after duly taking into account the recommendations from the Energy Community. The plan defines targets to be achieved by 2030 on: – GHG reductions, including through market-based carbon pricing mechanisms; – the share of renewable sources in gross final consumption of energy; – the energy saving in final energy consumption'.* Step 10.1 is the sole step in the implementation of Reform 1 of chapter 10 (Energy sector).
Evidence provided 1. Summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the Annex to Implementing Decision (EU) 2024/1447; 2. Copy of the Adoption of the Ordinance of the Cabinet of Ministers of Ukraine No 587-p of 25 June 2024 on approving the Integrated National Energy and Climate Plan of Ukraine; 3. Copy of the adopted Integrated National Energy and Climate Plan of Ukraine; 4. Recommendations of the Energy Community Secretariat on Ukraine's draft Integrated National Energy and Climate Plan, as published on the Energy Communities' website; 5. Written comments of Ukraine Government on the Recommendations of the Energy Communities Secretariat as published on the Ministry of Economy's website.
Analysis The justification and substantive evidence provided by the Ukrainian authorities cover all constitutive elements of step 10.1. The Cabinet of Ministers of Ukraine adopted Ordinance No 587-p on the approval of the 'Integrated National Energy and Climate Plan' (hereinafter INECP) for Ukraine on 25 June 2024. The adopted INECP summarises the scope of the document, highlighting its strategic relevance as an instrument to coordinate and plan energy and climate policies as well to ensure Ukraine's development and economic recovery. Given the comprehensive set of objectives and strategies set up in the document, the INECP is also expected to contribute to the national climate neutrality objective by 2050. Considering the unprecedented level of war-related uncertainties and given the exposure of the energy and climate policies set up in the INECP to such uncertainties, the Ordinance on the approval of the INECP also establishes a deadline for the INECP to be updated by December 2025. On the basis of the Regulation (EU) 2018/1999, as a contracting party of the Energy Communities, Ukraine submitted a draft of the INCEP to the Energy Community Secretariat (EnCS) and they provided their recommendations to the Ukraine's INECP. The INECP was adopted after having duly taken into account the EnCS' recommendations. The adopted version integrates and implements a significant part of the recommendations. This includes the commitment to establish a monitoring and implementation system to support the implementation of the INECP and coordinate its future revisions. In addition, Ukraine has provided preliminary comments and motivations to all the EnCS' recommendations. For each recommendation, Ukraine indicates whether it has: i) addressed and integrated them in the adopted INECP; ii) partially addressed them; iii) not addressed them. For those recommendations that were only partially or not addressed, Ukraine motived the reasons for doing so, and published them on the website of the Ministry of Economy.

The INECP defines targets to be achieved by 2030 on: i) greenhouse gas reductions, including through market-based carbon pricing mechanisms; ii) the share of renewable sources in gross final consumption of energy; iii) the energy saving in final energy consumption. The adopted INECP defines targets to be achieved by 2030. In particular, the INECP identifies the following national objectives and targets: — A reduction of Ukraine's total GHG emission by 2030 compared to 1990 emissions levels by 65 %. The INECP also reports the assumptions behind the estimates on the reduction of GHG emissions, to be achieved also by carbon pricing mechanisms. — Achieve 27 % share of renewable energy sources in the total final energy consumption by 2030. — Primary energy consumption no exceeding 72,224 Mtoe and final energy consumption – 42,168 Mtoe.
Commission Assessment: Satisfactorily fulfilled

Step 10.15

Name of the step: Adoption of the Strategy for thermal modernisation of buildings until 2050 and the Action Plan
Related Reform/Investment: Adoption of the Strategy for thermal modernisation of buildings until 2050 and the Action Plan
Financed from: Loans
Context The requirement for step 10.15 described in the step description of the CID annex is: *'Adoption of the act '"On Approval of the Strategy for Thermal Modernisation of Buildings until 2050"' and Action plan for the Strategy by the Cabinet of Ministers of Ukraine, aimed at introducing market-based financial instruments and incentives, containing a roadmap with policy measures, including those aimed to support the introduction of nearly-zero energy building.'* Step 10.15 is the first step in the implementation of reform 7 of the chapter 10 (Energy sector). It is followed by steps 10.16 due in Q3-2026 that aims to adopt the legal acts on setting minimum energy efficiency performance levels for buildings and 10.17 due in Q1-2027 that aims to adopt the legal acts on the requirements for energy labelling and eco-design as mandatory minimum criteria during public procurement.
Evidence provided — Summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the Annex to Implementing Decision (EU) 2024/1447; — Copy of the Order No 1228-P of the Cabinet of Ministers 'On Approval of the Strategy for Thermal Modernisation of Buildings until 2050' and the related Action Plan from 29 December 2023; — Copy of the 'Strategy for Thermal Modernisation of Buildings until 2050' as an attachment to the Order No 1228-P from 29 December 2023; — Copy of the 'Action Plan' related to the Strategy from 29 December 2023.
Analysis The justification and substantive evidence provided by the Ukrainian authorities cover all constitutive elements of step 10.15. The Cabinet of Ministers of Ukraine adopted the Order No 1228-P from 29 December 2023 on the 'Approval of the Strategy for Thermal Modernisation of Buildings until 2050' and the Action Plan related to the Strategy. The 'Strategy for Thermal Modernisation of Buildings until 2050' (hereinafter 'Strategy') and the Action Plan (hereinafter 'Action Plan') are attachments to the approved Order No 1228-P. The Strategy includes various sections on the introduction of market-based financial instruments and incentives. It states that for the creation of a favourable market environment for thermal modernisation, active Small and Medium-sized Enterprises working in the sector of thermal modernisation should be supported through partial state guarantees and reimbursement of part of their interest costs. The local production of energy efficient equipment in Ukraine for the energy efficient renovation of houses should also be supported. The adopted documents contain a roadmap with policy measures, including those aimed to support the introduction of nearly-zero energy buildings. The Action Plan, as an Annex to the Order, outlines the roadmap with policy measures to describe the concrete steps of the implementation of the Strategy for the Thermal Modernisation of Buildings until 2050. It defines deadlines, responsible institutions, and the status. The Action Plan outlines all steps in the period of 2024 to 2026 for the implementation of the Strategy.

The Strategy states that the ‘Programme for support of Thermal Modernisation of Buildings until 2050’ should ensure the promotion of nearly-zero energy buildings (hereinafter ‘NZEBs’). Furthermore, the Strategy mentions the increase in the number of buildings with close to zero energy consumption buildings as one of its purposes. In the Action Plan, NZEBs as an objective is referred to in five ‘priority directions’ as follows: — the approval of regulatory requirements as well as monitoring and indicators of number of buildings for measures supporting NZEBs; — the creation of a portfolio of exemplary thermal modernisation projects with public access including items with NZEB designs; — the increase of numbers to support NZEBs, as part of the Energy Efficiency Fund; — the support of training and re-training of engineers and designers in the field of thermal modernisation including skills for the construction of NZEBs.
Commission Assessment: Satisfactorily fulfilled

Step 12.8

Name of the step: Adoption of the strategic document on Mine Action for the period up to 2033
Related Reform/Investment: Deming of land and water areas
Financed from: Loans
Context The requirement for step 12.8 described in the step description of the CID annex is: *'Adoption of the legislative act on the approval of the strategic document on Mine Action for the period up to 2033 (the Act of the Cabinet of Ministers of Ukraine or the President of Ukraine). The legislative act focuses on these main areas:* — *management in the field of Mine Action;* — *support of the efficiency of Mine Action operators;* — *prevention of accidents;* — *comprehensive assistance to victims;* — *innovations;* — *gender balance and representation;* — *development of the private market;* — *effective and transparent coordination with donors;* — *forming the system of prioritisation of tasks in mine action.'* Step 12.8 is the only step under Reform 6 of the chapter 12 (Agri-Food sector), concerning the demining of the land and water areas. The step is linked to the two steps (12.9 and 12.10) of Investment 1 of the same chapter which require a combined amount of at least EUR 150 million of investments in demining of agriculture land in the State Budgets 2024-2027. At least EUR 75 million of it shall be budgeted by 2025.
Evidence provided 1. Summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the Annex to Implementing Decision (EU) 2024/1447; 2. Copy of the Order No 616-r of the Cabinet of Ministers 'On Approval of the National Mine Action Strategy for the period up to 2033' and approval of the Action Plan for 2024-2026 of 28 June 2024; 3. Copy of the 'National Strategy on Mine Action for the period up to 2033' as an attachment to the Order No 616-r of 28 June 2024; 4. Copy of the 'Action Plan for 2024-2026', as an attachment to the Order No 616-r of 28 June 2024.
Analysis The justification and substantive evidence provided by the Ukrainian authorities cover all constitutive elements of step 12.8. The National Strategy on Mine Action for the period up to 2033 was approved by the Cabinet of Ministers of Ukraine through the Order No 616-r from 28 June 2024. The Strategy has the following Strategic Goals: i) ensuring the clearance of territories from the risks of explosive objects for their safe and productive use; ii) reducing the impact of explosive objects on the life and health of the population; and iii) development of mine action management system. The Strategy describes the management in the field of mine action. Strategic Goal 3 establishes a set of tasks to achieve this strategic goal. This includes the provision of the necessary capacity for executive authorities responsible for managing mine action as well as an implementation of an effective task prioritisation system in the field. It aspires to improve the coordination of mine action efforts at the local level and implementing effective communication between executive authorities and local self-government bodies at the national and sub-national level. In addition, it adds a unified information management system. Strategic Goal 2 covers an efficient coordination of risk awareness training.

The Strategy supports the efficiency of mine action operators. Strategic Goal 3 purposes the establishment of uniform certification procedures for operators and mine action processes. The introduction of innovations in the field as stipulated under Strategic Goal 1 will increase the efficiency of mine action operators. The Strategy aims to prevent accidents. Strategic Goal 2 envisages to ensure public awareness of the geographical boundaries of areas that may pose a risk of explosive objects, including through effective marking of the respective territories. The goal intends to facilitate an efficient coordination of risk awareness training associated with explosive hazards. Strategic Goal 3 encompasses the implementation of mechanisms to prevent the engagement of individuals in work on hazardous areas outside established requirements, and determination of accountability in case of their involvement in such work. The Strategy describes the mechanisms to ensure comprehensive assistance to victims. Strategic Goal 2 entails an adequate and accessible social protection for people affected by explosive ordnance, including through effective cross-sectoral coordination on the organisation of respective assistance, provision of appropriate and accessible social rehabilitation services and accessibility and barrier-free access to communities where such people live. The Strategy focuses on innovation. Strategic Goal 1 aims at facilitating an environment conducive to innovation in the field of mine action. It stipulates the creation and/or functioning of an environment favourable for the introduction of innovation and production, and the implementation of innovative technologies that have proved their effectiveness. The Strategy promotes gender balance and representation. Strategic Goal 1 aspires to ensure an adequate supply of human resources in the field by involving representatives of social categories and groups of particular interest to the state in professional participation in mine action activities. The strategy aims at the involvement of women, veterans, persons affected by explosive objects, and persons with disabilities. The Strategy aims at developing the private market. Strategic Goal 1 envisages the stimulation of the mine action services market. Furthermore, it is aiming at facilitating an environment conducive to innovation in the field of mine action and provides conditions for the development of national production of goods for mine action and their service in Ukraine. The Strategy focuses on an effective and transparent coordination with donors. Strategic Goal 3 proposes an effective utilisation of international technical assistance in mine action activities. Ukraine will introduce a mechanism to prioritise the needs for donor assistance in the field. The Strategy plans to ensure the transparency about the use of the assistance provided by introducing effective and sufficient mechanisms. Once introduced, the measure will help to prevent corruption and to comply with the responsibility to donors. The Strategy puts the basis for forming the system of prioritisation of tasks in mine action. Strategic Goal 3 provides for the implementation of an effective task prioritisation system in the field. Strategic Goal 1 mentions the definition of criteria for removing lands of territorial communities from suspicion of the presence of explosive ordnance. The Action Plan accompanying the Strategy stipulates the adoption of a system of prioritisation of tasks in mine action in 2024.
Commission Assessment: Satisfactorily fulfilled